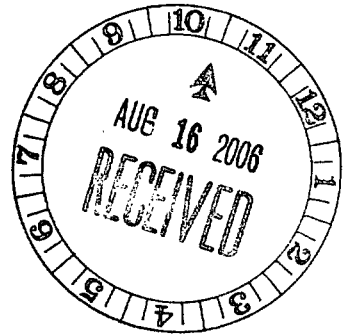


LAW OFFICE
THOMAS F. MCFARLAND, P.C.
208 SOUTH LA SALLE STREET - SUITE 1890
CHICAGO, ILLINOIS 60604-1112
TELEPHONE (312) 236-0204
FAX (312) 201-9695
mcfarland@aol.com



THOMAS F. MCFARLAND

August 15, 2006

217302

By UPS overnight mail

Vernon A. Williams, Secretary
Surface Transportation Board
Case Control Unit, Suite 713
1925 K Street, N.W.
Washington, DC 20423-0001

FEE RECEIVED

AUG 16 2006

**SURFACE
TRANSPORTATION BOARD**

Re: STB Docket No. 497 (Sub-No. 3X), *Minnesota Northern Railroad, Inc. --
Abandonment Exemption -- in Polk and Norman Counties, MN*

Dear Mr. Williams:

Enclosed please find an original and 10 copies of Petition For Exemption, for filing with the Board in the above referenced matter.

Also enclosed is Minnesota Northern Railroad's check #12376 in the amount of \$5,300 for the filing fee.

FILED

AUG 16 2006

TRANSPORTATION BOARD

Very truly yours,

Tom McFarland

Thomas F. McFarland
*Attorney for Minnesota Northern
Railroad, Inc.*

TMcf:kl:enc:1171\trstb2

ENTERED
Office of Proceedings

AUG 16 2006

**Part of
Public Record**

FILED

AUG 16 2006

TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD



MINNESOTA NORTHERN RAILROAD,)
INC. -- ABANDONMENT) DOCKET NO. AB-497
EXEMPTION -- IN POLK AND) (SUB-NO. 3X)
NORMAN COUNTIES, MN)

PETITION FOR EXEMPTION

FEE RECEIVED

AUG 16 2006

**SURFACE
TRANSPORTATION BOARD**

MINNESOTA NORTHERN RAILROAD, INC.
P.O. Box 705
Crookston, MN 56716

Petitioner

FILED

AUG 16 2006

**SURFACE
TRANSPORTATION BOARD**

THOMAS F. McFARLAND
THOMAS F. McFARLAND, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1194
(312) 236-0204

Attorney for Petitioner

DATE FILED: August 16, 2006

ENTERED
Office of Proceedings

AUG 16 2006

**Part of
Public Record**

BEFORE THE
SURFACE TRANSPORTATION BOARD

MINNESOTA NORTHERN RAILROAD,)	
INC. -- ABANDONMENT)	DOCKET NO. AB-497
EXEMPTION -- IN POLK AND)	(SUB-NO. 3X)
NORMAN COUNTIES, MN)	

PETITION FOR EXEMPTION

Pursuant to 49 U.S.C. § 10502(a) and 49 C.F.R. § 1121.1, *et seq.*, MINNESOTA NORTHERN RAILROAD, INC. (MNN) hereby petitions for an exemption from the requirements of 49 U.S.C. § 10903 for abandonment of a portion of its Ada Subdivision between Milepost 64.0 south of Beltrami and end of track at Milepost 47.0 south of Ada, a distance of 17.0 miles, in Pine and Norman Counties, Minnesota (“the Rail Line”).

THE SUBJECT RAIL LINE

The Ada Subdivision by which MNN provides service to shippers at and near Ada, MN extends 34 miles from Crookston, MN to its stub-end south of Ada, MN. The Rail Line is illustrated on a map attached to this Petition as Appendix 1.

In 1997, when MNN acquired the Ada Subdivision, MNN was owned by Rail America Transportation Corp. In August, 2000, MNN was acquired by KBN, Inc. *See Finance Docket No. 33911, KBN, Inc. -- Control Exemption -- Minnesota Northern Railroad, Inc. and St. Croix Valley Railroad Company*, notice of exemption served Aug. 31, 2000 (not printed). KBN, Inc. continues to own and operate MNN.

The Rail Line was embargoed due to flooding, effective April 3, 2006. A copy of the notice of that embargo is attached to this Petition as Appendix 2.

REASONS FOR ABANDONMENT

An exemption is sought for abandonment of the Rail Line because (1) operation of the line is unprofitable; (2) there is no reasonable prospect for profitable operations; (3) the line requires substantial track rehabilitation, the cost of which cannot be amortized from rail line profits; and (4) shippers on the line have feasible transportation alternatives.

1. Unprofitability

Despite MNN's best efforts to increase rail traffic over the Rail Line, traffic has declined in the past several years. Set forth below is the rail Line's rail traffic history by shipper during the past four years:

Shipper *	Carloads			
	2002	2003	2004	2005
Green Meadow	10	40	51	66
Earthwise	2	0	0	0
Feed & Seed	17	0	0	0
Lee Bean	8	17	26	0
Triple Crown	90	15	49	16
Mark Hellerud	1	0	0	0
Triangle Fertilizer	34	1	5	4
TOTAL	162	73	131	86

* All shippers are located at Ada.

MNN expects forecast year traffic to amount to only 20 carloads, consisting of traffic for Triple Crown and Triangle Fertilizer only, at their 2005 levels. Green Meadow receives edible beans for cleaning and reloading for Lansing Grain. MNN's information is that Green Meadow has made arrangements to ship out of Mahanomen, MN on Canadian Pacific Railway. Triple Crown's rail traffic is likely to remain at its reduced 2005 level. Triple Crown formerly shipped to three locations in boxcars. Two of those receivers no longer exist due to warehoused product deterioration in railcar-sized shipments. The rail traffic of Lee Bean & Seed is not likely to return to MNN. Lee Bean & Seed has experienced marketing difficulties due to inability to fill contracts at the volume required by its purchasers.

At MNN's current revenue of \$643 per car, the 20 forecast year carloads that it would transport would produce total revenues of only \$12,860.

That revenue would fall far short of enabling MNN to operate the Rail Line at a profit. The cost for MNN to maintain the track and bridges on the Rail Line alone would amount to approximately \$102,000 in the forecast year, using an average maintenance cost of \$6,000 per mile that the Board has recognized as a reasonable estimate of such cost in other abandonment cases. (\$6,000 per mile x 17 miles = \$102,000). *See, e.g., Conrail - Aban. - bet. Warsaw & Valp. Counties, IN*, 9 I.C.C.2d 1299, 1304 (1993). In addition, MNN would incur approximately \$16,150 in operating costs in the forecast year, based on 25 train trips to Ada in 2005 with 2 employees and 8.5 hours per trip (425 man-hours x \$38 per hour = \$16,150).

There are other costs which would add to MNN's operating loss, such as freight car-hire costs, locomotive and fuel costs, and property taxes. However, on the basis of costs for maintenance of way and the train crew alone, continued operation of the Rail Line would result

in an operating loss of over \$100,000 in the forecast year. (\$102,000 + \$16,150 - \$12,860 = \$105,290 forecast year operating loss).

There would be a serious adverse effect on MNN, and on its ability to provide quality rail service to its shippers on other rail lines, if MNN were to be required to incur that operating loss on a continuing basis. Consistently with Constitutional requirements, a rail carrier cannot be required to operate a rail line indefinitely at a loss. *Brooks-Scanlon v. Railroad Com. of Louisiana*, 251 U.C. 396, 399 (1920).

2. Rehabilitation

An expenditure of \$354,230 is required to rehabilitate the Rail Line, composed of \$79,100 to repair washouts from recent flooding and \$275,130 for track and bridge repairs to comply with FRA Class 1 safety standards.

The expenditure for repairing washouts consists of labor and material to repair grades, bridges, culverts and tracks.

The expenditure for FRA Class 1 safety compliance is composed of the following:

Replace defective joint ties and clusters of failed ties, 4,250 crossties installed	\$204,000
Surface 18,480 track feet of track	26,130
Install 500 ties in Ada Yard	24,000
Install 160 switch ties in Ada Yard	16,000
Surface 6 turnouts & switches in Ada Yard	3,000
Track gauging	2,000
TOTAL	<hr/> \$275,130

The substantial rehabilitation cost of more than \$350,000 could not be amortized from rail line operating profit, which, as shown, is nonexistent. The huge unrecoverable rehabilitation

cost would add to the undue burden on MNN and interstate commerce from a requirement of continued operation of the Rail Line.

3. Opportunity Cost

In addition to the foregoing elements of burden, MNN would incur a significant opportunity cost from a requirement of continued operation of the Rail Line. The track materials in the rail line have an estimated value of \$400,000. MNN has not yet valued the land in the right-of-way. Based solely on the value of track materials, the opportunity cost of continued operation is estimated to be more than \$40,000 per year.

4. Transportation Alternatives

The adverse effect on local interests from abandonment would not be major because shippers on the line have feasible transportation alternatives. Shipper on the Rail Line are already using alternative transportation since the embargo. They would not ship on the line if the embargo were to be cancelled. That is evident from the substantial decline in rail traffic in recent years.

The highways serving the area - Minnesota 9 and 200- are arterial highways in good condition. It is only 27 miles from the shippers' location at Ada to Interstate Highway 29 via Highway 200.

The foregoing is not to say that Triple Crown and Triangle Fertilizer would not experience an increase in freight charges upon abandonment as a result of use of truck transportation. However, such increased charges would not be extensive based on their recent infrequent use of the Rail Line, and the harm from that minor added expense would be outweighed decidedly by the serious harm to MNN and interstate commerce from operating

losses and unrecoverable track rehabilitation costs. *Conrail - Aban. - bet. Warsaw & Valp. Counties, IN, supra*, 9 I.C.C.2d at 1317.

AN EXEMPTION IS WARRANTED

Abandonment of a rail line requires Board approval under 49 U.S.C. § 10903. However, on petition, the Board is to exempt a proposed abandonment from the requirement of such approval if the Board finds under 49 U.S.C. § 10502(a) that application of 49 U.S.C. § 10903 to the proposed abandonment and discontinuance is not required to carry out the rail transportation policy of 49 U.S.C. § 10101, and either that the proposed abandonment and discontinuance are of limited scope, or that application of 49 U.S.C. § 10903 to the proposed abandonment and discontinuance is not necessary to protect shippers from abuse of market power.

In regard to the first standard of 49 U.S.C. § 10502(a), the need for regulation is to be tested against the provision(s) of the rail transportation policy that is (are) implicated by the statute from which an exemption is sought. As to abandonment and discontinuance under 49 U.S.C. § 10903, the rail policy most directly implicated is 49 U.S.C. § 10101(4) in favor of continuation of a sound rail transportation system to meet the needs of the public and the national defense. The issue is whether a conventional abandonment application is required to determine whether the abandonment and discontinuance should be approved or whether it is so apparent that continued operation of the line is not required for an adequate rail transportation system that abandonment and discontinuance can be authorized by exemption without the need for such an application.

There is an established body of case law in resolution of that issue. An exemption for abandonment is to be denied where affected shippers contest abandonment and it is not shown

that the revenues from their traffic are clearly marginal compared to the cost of operating the involved rail line. *Gauley River Railroad, LLC -- Aband. & Discon. of Serv. Exempt. -- in Webster and Nicholas Counties, WV*, 1999 STB LEXIS 345 at *14 (STB Docket No. AB-559 [Sub-No. 1X], decision served June 16, 1999 at 5); *Central Railroad Co. of Indiana -- Aband. Exempt. -- in Dearborn, Decatur, Franklin, Ripley and Shelby Counties, IN*, 1998 STB LEXIS 121 at * 10 (STB Docket No. AB-459 [Sub-No. 2X], decision served May 4, 1998 at 9-10). However, an exemption is appropriate where it is apparent that the rail carrier would operate at a substantial loss, regardless of whether shippers oppose the exemption. *Minnesota Northern Railroad, Inc. -- Aband. Exempt. -- between Redland Jct. and Fertile, in Polk County, MN*, 1997 STB LEXIS 294 at * 25 (STB Docket No. AB-497 [Sub-No. 2X], decision served Nov. 14, 1997 at 11-12).

It is evident that the case at hand fits into the latter category. Continued operation of the line would result in a loss of at least \$105,290 per year. In addition, continued operation would require an expenditure of \$354,236 for track rehabilitation to meet FRA Class I safety standards. It is thus apparent that the revenue from the traffic of shippers on the line is marginal compared to the cost of operating the line. In that circumstance, compliance with the application process of 49 U.S.C. § 10903 is not necessary to carry out the policy of 49 U.S.C. § 10101(4) in favor of a sound rail transportation system to meet the needs of the public and the national defense. Issuance of an exemption would also further the rail policies of 49 U.S.C. § 10101(3) in favor of promoting safe and efficient rail transportation; § 10101(5) in favor of fostering sound economic conditions in transportation; § 10101(7) in favor of reducing regulatory barriers to exit; and § 10101(9) in favor of encouraging efficient rail management.

Because shippers on the line appear to have adequate transportation alternatives that they are already using, application of 49 U.S.C. § 10903 to the proposed abandonment and discontinuance is not necessary to protect shippers from an abuse of market power. *Minnesota Northern Railroad, Inc. -- Aband. Exempt. -- between Redland Jct. and Fertile, in Polk County, MN, supra*, 1997 STB LEXIS 294 at *24. In light of that finding of no abuse of market power, the Board need not determine whether the proposed transaction is of limited scope. However, the proposed 17-mile abandonment is limited in scope. The shippers on the Rail Line and the City of Ada have been notified of the proposed abandonment (notification letters are attached as Appendix 3). None will oppose the proposed abandonment.

Inasmuch as the evidence warrants the findings required by 49 U.S.C. § 10502(a), the Board should grant the proposed exemption.

ENVIRONMENTAL AND HISTORIC CONSIDERATIONS

A draft Environmental and Historic Report is attached to this Petition as Appendix 4. The Report forms the basis for a finding that the proposed abandonment would not have a significant adverse effect on the quality of the human environment nor on the preservation of historic resources. Comments on the draft Report received by Petitioner after its filing are attached as Appendix 5.

EMPLOYEE PROTECTION

The Board should impose the employee protective conditions in *Oregon Short Line R. Co. - Abandonment - Goshen*, 360 I.C.C. 91 (1979), as a condition to approval of the proposed abandonment.

FEDERALLY-GRANTED RIGHT-OF-WAY

MNN does not have information in its possession show that the Rail Line contains federally-granted right-of-way.

DRAFT FEDERAL REGISTER NOTICE

The draft Federal Register notice is attached to this Petition as Appendix 6.

NEWSPAPER NOTICE

Copies of notices published in newspapers of general circulation in Norman and Polk Counties, Minnesota are attached as Appendix 7.

CONCLUSION AND REQUESTED RELIEF

WHEREFORE, the Board should grant an exemption for (1) abandonment of a portion of its Ada Subdivision between Milepost 64.0 south of Beltrami and end of track at Milepost 47.0 south of Ada, a distance of 17.0 miles, in Pine and Norman Counties, Minnesota

Respectfully submitted,

MINNESOTA NORTHERN RAILROAD, INC.
P.O. Box 705
Crookston, MN 56716

Petitioner



THOMAS F. McFARLAND
THOMAS F. McFARLAND, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1194
(312) 236-0204

Attorney for Petitioner

DATE FILED: August 16, 2006

TOPOI map printed on 12/23/04 from "Untitled.tpo"



APPENDIX 2



[View Effective](#) [View by Date](#) [View by Road](#) [Issue Embargo](#) [Request User Account](#)

[\[Submit Embargo Amendment\]](#) [\[Cancel Embargo\]](#)

Association of American Railroads

Embargo Notices for: 04/03/2006

Consecutive Sheet:111

Roadmark:

MNN

Railroad:

MINNESOTA NORTHERN RAILROAD INC

Embargo Number:

1-2006

Amendment Number:

Current Status:

Effective

Embargo Effective Date:

04/03/2006 23:59

Commodity:

all

Destination Gateway or Territory:

To, From or Via the following station(s)/FSAC Number(s), State(s)

9257 Hadler, MN

9252 Ada, MN

Consigned or Reconsigned To, or Intended For:

ALL

Cause:

Other - specify

Flooding

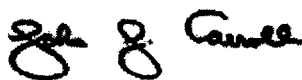
Amend:

Exception:

None

Note:

J.J. Carroll



John Carroll
Sr. Asst. VP - Business Services
Association of American Railroads

[LEGAL NOTICES](#) | [TERMS OF SERVICE](#) | [PRIVACY](#)

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APPENDIX 3



Minnesota Northern Railroad, Inc.

PO Box 705

Crookston, MN 56716

Phone: 218.281.4704 Fax: 218.281.4705

11 May 2006

Ms. Shelley Kappes, City Clerk
City of Ada
PO Box 32
Ada MN 56510

Dear Ms. Kappes:

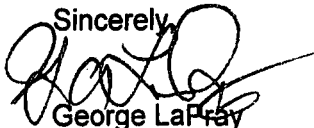
This is to formally notify you that Minnesota Northern Railroad Inc. (MNN) intends within the next 30 days to apply to the U.S. Surface Transportation Board for abandonment of our rail line serving Ada, Minnesota. Actual track segment for which abandonment will be sought will be from approx. 1 mile south of Beltrami, MN to end of track south of Ada, MN.

As you will recall we had originally contemplated this action in early 2005, however at the request of some shippers who hoped to increase rail shipments on this line MNN agreed to hold in abeyance any abandonment for a year.

Unfortunately, rail shipments on this track segment fell again in 2005. Carloadings on the segment in question fell from 131 in 2004 to 86 in 2005 a 34% decline.

As you know the Beltrami to Ada track was embargoed in April 2006 due to damage as a result of spring flooding. Considering the current and projected levels of business on this line, the private investment required to repair the flood damage cannot be justified.

Therefore we have reluctantly concluded that abandonment of this track segment is our only business option.

Sincerely,

George LaPray
General Manager



Minnesota Northern Railroad, Inc.

PO Box 705

Crookston, MN 56716

Phone: 218.281.4704 Fax: 218.281.4705

11 May 2006

Mr. Craig Edwards, Manager
Triangle Agronomy Services, LLC
202 West Main
Ada MN 56510

Dear Sir:

Gentlemen:

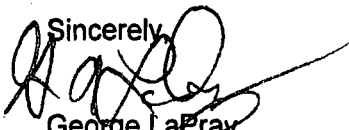
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Sincerely,

George LaPray
General Manager



Minnesota Northern Railroad, Inc.

PO Box 705

Crookston, MN 56716

Phone: 218.281.4704 Fax: 218.281.4705

11 May 2006

Mr. Mark Harless
Lee Bean & Seed Inc.
PO Box 37
Borup MN 56519

Dear Sir:

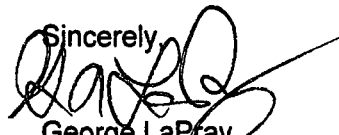
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Sincerely,

George LaPray
General Manager



Minnesota Northern Railroad, Inc.

PO Box 705

Crookston, MN 56716

Phone: 218.281.4704 Fax: 218.281.4705

11 May 2006

Mr. Tom Chisholm
Green Meadow Bean Co.
2489 380th Street
Gary MN 56545

Dear Sir:

Gentlemen:

This is to formally notify you that Minnesota Northern Railroad Inc. (MNN) intends within the next 30 days to apply to the U.S. Surface Transportation Board for abandonment of our rail line serving Ada, Minnesota. Actual track segment for which abandonment will be sought will be from approx. 1 mile south of Beltrami, MN to end of track south of Ada, MN.


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Sincerely,



George LaPray
General Manager



Minnesota Northern Railroad, Inc.

PO Box 705

Crookston, MN 56716

Phone: 218.281.4704 Fax: 218.281.4705

11 May 2006

Mr. Grant Wagner, Owner
Ada Feed & Seed
PO Box 231
Ada MN 56510

Dear Sir:

Gentlemen:

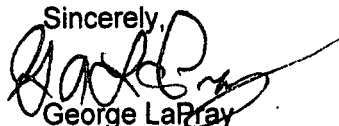
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Sincerely,

George LaPray
General Manager



Minnesota Northern Railroad, Inc.

PO Box 705

Crookston, MN 56716

Phone: 218.281.4704 Fax: 218.281.4705

11 May 2006

Mr. Rob Dougherty III, Owner
Triple Crown Nutrition, Inc.
319 Barry Avenue S, Suite 303
Wayzata MN 55391

Mr. Brent Grunewald, Manager
Triple Crown Nutrition, Inc.
301 E Main
Ada MN 56510

Gentlemen:

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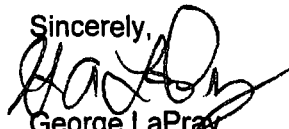
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Sincerely,



George LaPray
General Manager

APPENDIX 4

LAW OFFICE
THOMAS F. MCFARLAND, P.C.
208 SOUTH LASALLE STREET - SUITE 1890
CHICAGO, ILLINOIS 60604-1112
TELEPHONE (312) 236-0204
FAX (312) 201-9695
mcfarland@aol.com

THOMAS F. MCFARLAND

July 10, 2006

Natural Resources Conservation Service:

Natural Resources Conservation Service
375 Jackson Street, Room 600
St. Paul, MN 55101-1854

Minnesota Historical Preservation Office:

Minnesota Historical Society
345 Kellogg Blvd. West
St. Paul, MN 55102-1906

U.S. Fish & Wildlife Service:

U.S. Fish & Wildlife Service - Region 3
One Federal Drive
BHW Federal Building
Fort Snelling
Twin Cities, MN 55111

Minnesota State Clearinghouse:

c/o Minnesota Department of Administration
200 Administration Building
50 Sherburne Avenue
St. Paul, MN 55155

County Commissioners:

Norman County Commissioners
16 Third Avenue, East
Ada, MN 56510

Minnesota Pollution Control Agency:

Minnesota Pollution Control Agency
520 Lafayette Road
St. Paul, MN 55155-4194

Minnesota Department of Transportation:

Minnesota Department of Transportation
Transportation Building
395 John Ireland Blvd.
St. Paul, MN 55155

U.S. Army Corps of Engineers

U.S. Army Corps of Engineers
190 Fifth Street East
St. Paul, MN 55101-1638

Environmental Protection Agency
(regional office):

U.S. Environmental Protection Agency
Region 5
77 West Jackson Blvd.
Chicago, IL 60604-3590

National Oceanic & Atmospheric Admin.:

National Geodetic Survey
1315 East-West Highway
Silver Springs, MD 20910-3282

City Planner:

Ms. Shelley Kappes
City Clerk
City of Ada, MN
P.O. Box 32
Ada, MN 56510

County Commissioners:

Polk County Commissioners
612 North Broadway
Crookston, MN 56716

National Park Service:

National Park Service
Chief, Land Resources Division
1849 C Street, N.W., #MS3540
Washington, DC 20240

Re: STB Docket No. AB-497 (Sub-No. 3X), *Minnesota Northern Railroad, Inc. --
Abandonment Exemption -- in Polk and Norman Counties, MN*

THOMAS F. MCFARLAND

July 10, 2006

Page 2

Dear Agency or Governmental Representative:

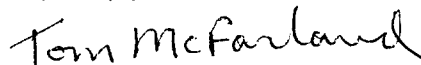
On or about August 4, 2006, Minnesota Northern Railroad, Inc. (MNN) intends to file a Petition for Exemption for abandonment of a portion of its Ada Subdivision between Milepost 64.0 south of Beltrami and end of track at Milepost 47.0, a distance of 17.0 miles in Polk and Norman Counties, Minnesota.

Attached is an Environmental and Historic Report describing the proposed action and any expected environment and historic effects, as well as a map of the affected area.

This Report is being provided so that you may review the information that will form the basis for the STB's independent environmental analysis of this proceeding. If any of the information is misleading or incorrect, if you believe that pertinent information is missing, or if you have any questions about the Board's environmental review process, please contact the Section of Environmental Analysis (SEA), Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423, 202-565-6211 and refer to the above Docket No. AB-497 (Sub-No. 3X). Because the applicable statutes and regulations impose stringent deadlines for processing this action, your written comments to SEA (with a copy to our representative) would be appreciated within 3 weeks.

Your comments will be considered by the Board in evaluating the environmental and historic preservation impacts of the contemplated action. If there are any questions concerning this proposal, please contact our representative directly. Our representative in this matter is Thomas F. McFarland, Thomas F. McFarland, P.C., 208 South LaSalle Street, Suite 1890, Chicago, IL 60604-1112, (312) 236-0204.

Very truly yours,

A handwritten signature in cursive script that reads "Tom McFarland".

Thomas F. McFarland

BEFORE THE
SURFACE TRANSPORTATION BOARD

MINNESOTA NORTHERN RAILROAD, INC. --)	
ABANDONMENT EXEMPTION --)	DOCKET No.
IN POLK AND NORMAN COUNTIES, MN)	AB-497 (Sub-No. 3X)

DRAFT ENVIRONMENTAL AND HISTORIC REPORT

MINNESOTA NORTHERN RAILROAD, INC.
P.O. Box 705
Crookston, MN 56716

Petitioner

THOMAS F. McFARLAND
THOMAS F. McFARLAND, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1112
(312) 236-0204

Attorney for Petitioner

Date Submitted: July 10, 2006

BEFORE THE
SURFACE TRANSPORTATION BOARD

MINNESOTA NORTHERN RAILROAD, INC. --)	
ABANDONMENT EXEMPTION --)	DOCKET No.
IN POLK AND NORMAN COUNTIES, MN)	AB-497 (Sub-No. 3X)

DRAFT ENVIRONMENTAL AND HISTORIC REPORT

Pursuant to 49 C.F.R. § 1105.7 and 1105.8, MINNESOTA NORTHERN RAILROAD, INC., (MNN) hereby files this Draft Environmental and Historic Report.

I. Environmental Report

MNN hereby submits the following information required by 49 C.F.R. § 1105.7(e):

(1) Proposed action and alternatives. Describe the proposed action, including commodities transported, the planned disposition (if any) of any rail line and other structures that may be involved, and any possible changes in current operations or maintenance practices. Also describe any reasonable alternatives to the proposed action. Include a readable, detailed map and drawings clearly delineating the project.

MNN proposes to file a Petition under 49 U.S.C. § 10502(a) for an exemption from 49 U.S.C. § 10903 for abandonment of a portion of its Ada Subdivision between milepost No. 64.0 south of Beltrami and end of track at milepost No. 47.0 south of Ada, a distance of 17.0 miles in Polk and Norman Counties, Minnesota (the Rail Line).

MNN has used the Rail Line to transport oats, barley, edible beans, and fertilizer to and from customers located at and near Ada, MN.

If the requested exemption is granted and becomes effective, MNN will remove and/or reuse the track materials on the Rail Line. MNN would sell or make a non-rail use of the land in the right-of-way of the Rail Line.

The Rail Line was embargoed effective April 3, 2006 due to unsafe track conditions resulting from flooding. Rail operations ceased at that time. Track maintenance since that time has been minimal. Rail operations and track maintenance would cease permanently in the event that the proposed exemption were to be granted and exercised.

There is no reasonable alternative to the proposed exemption because losses from operating the line and the expenditure required to repair washouts caused by recent flooding would be unduly burdensome without the exemption.

A map of the involved rail line is attached to this Report as Appendix 1.

(2) Transportation system. Describe the effects of the proposed action on regional or local transportation systems and patterns. Estimate the amount of traffic (passenger or freight) that will be diverted to other transportation systems or modes as a result of the proposed action.

MNN believes that the proposed exemption will have a minimal effect on regional or local transportation systems and patterns. Only 86 carloads of freight moved over the rail line in 2005. At roughly four trucks per rail carload, that would equate to 344 truck shipments in a one-year period, or an average of less than one additional truck per day on the regional highway system. Minnesota Highways 9 and 200, which converge at Ada, are in adequate condition to accommodate that minimal increase in truck traffic.

(3) Land use. (i) Based on consultation with local and/or regional planning agencies and/or a review of the official planning documents prepared by such agencies, state whether the proposed action is consistent with existing land use plans. Describe any inconsistencies.

MNN believes that the proposed exemption will not be inconsistent with local or regional land use plans. Based on MNN's experience in the area, there is little possibility that businesses desiring rail service will locate along the Rail Line. Shippers currently using the Rail Line can easily reroute their traffic via truck or rail-truck service. In accordance with the requirements of this regulation, MNN has consulted by letter with the planning agencies of the City of Ada, MN and Norman and Polk Counties, MN. See letter attached as Appendix 2. Attached to this Report as Appendix 5 is a copy of a comment from Polk County, Minnesota, dated June 28, 2006, stating that the proposed abandonment would be consistent with Polk County's land use plans.

(3) (ii) *Based on consultation with the U.S. Soil Conservation Service, state the effect of the proposed action on any prime agricultural land.*

MNN does not believe that the proposed exemption would have any effect on prime agricultural land. The Rail Line is adjacent to agricultural land but is not itself agricultural land. Therefore, removal of trackage from the Rail Line should not have any effect on prime agricultural land. In accordance with this regulation, MNN has consulted by letter with the Natural Resources Conservation Service, formerly known as the U.S. Soil Conservation Service (Appendix 2 hereto). Any response will be furnished to the Board's environmental section.

(3) (iii) *If the action affects land or water uses within a designated coastal zone, include the coastal zone information required by Sec. 1105.9.*

The proposed exemption does not affect land or water uses in a designated coastal zone.

(3) (iv) *If the proposed action is an abandonment, state whether or not the right-of-way is suitable for alternative public use under 49 U.S.C. 10906 and explain why.*

In MNN's opinion, the right-of-way would not be suitable for alternative public use as a highway because there are adequate highways in the area. The right-of-way may be suitable for alternative public use as a recreational trail.

(4) *Energy. (i) Describe the effect of the proposed action on transportation of energy resources.*

The proposed exemption will have no effect on transportation of energy resources.

(4) *(ii) Describe the effect of the proposed action on recyclable commodities.*

The proposed exemption will have no effect on recyclable commodities.

(4) *(iii) State whether the proposed action will result in an increase or decrease in overall energy efficiency and explain why.*

The proposed exemption will result in a decrease in overall energy efficiency because rail transportation is more energy efficient than truck transportation. However, the decrease will be minimal. See response to item 2 above.

(4) *(iv) If the proposed action will cause diversions from rail to motor carriage of more than: (A) 1,000 rail carloads a year; or (B) An average of 50 rail carloads per mile per year for any part of the affected line, quantify the resulting net change in energy consumption and show data and methodology used to arrive at the figure given. To minimize the production of repetitive data, the information on overall energy efficiency in Sec. 1105.7(e)(4)(iii) need not be supplied if the more detailed information in Sec. 1105.7(e)(4)(iv) is required.*

Not applicable

(5) *Air. (i) If the proposed action will result in either: (A) An increase in rail traffic of at least 100 percent (measured in gross tons miles annually) or an increase of at least eight trains a day on any segment of rail line affected by the proposal, or (B) An increase in rail yard activity of at least 100 percent (measured by car load activity), or (C) An average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day on any affected road segment, quantify the anticipated effect on air emissions. For a proposal under 49 U.S.C. 10901 (or 10505) to construct a new line or reinstitute service over a previously abandoned line, only the eight train a day provision in subsection (5)(i)(A) will apply.*

Not applicable

(5) (ii) *If the proposed action affects a class I or nonattainment area under the Clean Air Act, and will result in either: (A) An increase in rail traffic of at least 50 percent (measured in gross tons miles annually) or an increase of at least three trains a day on any segment of the rail line, (B) An increase in rail yard activity of at least 20 percent (measured by carload activity), or (C) An average increase in truck traffic of more than 10 per cent of the average daily traffic of 50 vehicles a day on a given road segment, then state whether any expected increased emissions are within the parameters established by the State Implementation Plan. However, for a rail construction under 49 U.S.C. 10901 (or 49 U.S.C. 10505), or a case involving the reinstitution of service over a previously abandoned line, only the three train a day threshold in this item shall apply.*

Not applicable

(5) (iii) *If transportation of ozone depleting materials (such as nitrogen oxide and freon) is contemplated, identify: the materials and quantity; the frequency of service; safety practices (including any speed restrictions); the applicant's safety record (to the extent available) on derailments, accidents and spills; contingency plans to deal with accidental spills; and the likelihood of an accidental release of ozone depleting materials in the event of a collision or derailment.*

Not applicable

(6) *Noise. If any of the thresholds identified in item (5)(i) of this section are surpassed, state whether the proposed action will cause: (i) An incremental increase in noise levels of three decibels Ldn or more;*

Not applicable

(6) (ii) *An increase to a noise level of 65 decibels Ldn or greater. If so, identify sensitive receptors (e.g. schools, libraries, hospitals, residences, retirement communities, and nursing homes) in the project area, and quantify the noise increase for these receptors if the thresholds are surpassed.*

Not applicable

(7) *Safety. (i) Describe any effects of the proposed action on public health and safety (including vehicle delay time at railroad grade crossings).*

The proposed exemption will have a beneficial effect on public health and safety.

Discontinuance of rail operations over the Rail Line will result in the closing and

elimination of several public at-grade road crossings along the line. That will reduce vehicle delay time and potential for rail-motor vehicle accidents in the area.

(7) (ii) *If hazardous materials are expected to be transported, identify: the materials and quantity; the frequency of service; whether chemicals are being transported that, if mixed, could react to form more hazardous compounds; safety practices (including any speed restrictions); the applicant's safety record (to the extent available) on derailments, accidents and hazardous spills; the contingency plans to deal with accidental spills; and the likelihood of an accident release of hazardous materials.*

Not applicable

(7) (iii) *If there are any known hazardous waste sites or sites where there have been known hazardous materials spills on the right-of-way, identify the location of those sites and types of hazardous materials involved.*

Not applicable

(8) *Biological resources. (i) Based on consultation with the U.S. Fish and Wildlife Service, state whether the proposed action is likely to adversely affect endangered or threatened species or areas designated as a critical habitat, and if so, describe the effects.*

MNN does not believe that it is likely that the proposed exemption would adversely affect endangered or threatened species or areas designated as critical habitat. In accordance with this regulation, MNN has consulted by letter with the U.S. Fish and Wildlife Service (Appendix 2). Attached to this Report as Appendix 6 is a copy of a comment from the U.S. Fish & Wildlife Service dated June 29, 2006 expressing no concern with the proposed abandonment.

(8) (ii) *State whether wildlife sanctuaries or refuges, National or State parks or forests will be affected, and describe any effects.*

MNN does not believe that the proposed exemption would affect wildlife sanctuaries or refuges, nor National or state parks or forests.

(9) Water. (i) Based on consultation with State water quality officials, state whether the proposed action is consistent with applicable Federal, State or local water quality standards. Describe any inconsistencies.

MNN believes that the proposed exemption will be consistent with applicable Federal, State or local water quality standards. In accordance with this regulation, MNN has consulted by letter with Minnesota water quality officials (Appendix 2). Any response will be furnished to the Board's environmental section.

(9) (ii) Based on consultation with the U.S. Army Corps of Engineers, state whether permits under section 404 of the Clean Water Act (33 U.S.C. 1344) are required for the proposed action and whether designated wetlands or 100-year flood plains will be affected. Describe the effects.

MNN believes that permits under section 404 of the Clean Water Act are not required for the proposed exemption. MNN does not believe that that the proposed exemption will affect any designated wetlands or 100-year flood plains. In accordance with this regulation, MNN has consulted by letter with the U.S. Army Corps of Engineers (Appendix 2). Any response will be furnished to the Board's environmental section.

(9) (iii) State whether permits under section 402 of the Clean Water Act (33 U.S.C. 1342) are required for the proposed action. (Applicants should contact the U.S. Environmental Protection Agency or the state environmental protection or equivalent agency if they are unsure whether such permits are required.)

MNN believes that permits under section 402 of the Clean Water Act are not required for the proposed exemption. In accordance with this regulation, MNN has consulted by letter with the U.S. Environmental Protection Agency (Appendix 2). Any response will be furnished to the Board's environmental section.

(10) Proposed Mitigation. Describe any actions that are proposed to mitigate adverse environmental impacts, indicating why the proposed mitigation is appropriate.

Not applicable

II. Historic Report

MNN hereby submits the following information required by 49 C.F.R. §

1105.8(d):

(1) A U.S.G.S. topographic map (or an alternate map drawn to scale and sufficiently detailed to show buildings and other structures in the vicinity of the proposed action) showing the location of the proposed action, and the locations and approximate dimensions of railroad structures that are 50 years old or older are part of the proposed action;

The required topographic map is attached to this Report as Appendix 3.

(2) A written description of the right-of-way (including approximate widths, to the extent known), and the topography and urban and/or rural characteristics of the surrounding area;

The right-of-way to be abandoned is generally 100 feet wide, except that it is generally 50 feet wide through town sites, and 17 miles long. It extends generally through rural, slightly rolling terrain.

(3) Good quality photographs (actual photographic prints, not photocopies) of railroad structures on the property that are 50 years old or older and of the immediately surrounding area;

Attached to this Report as Appendix 4 are photographs of the bridges on the Rail Line.

(4) The date(s) of construction of the structure(s), and the date(s) and extent of any major alterations, to the extent such information is known;

Not known, except that the bridges are thought to be more than 50 years old.

(5) A brief narrative story of carrier operations in the area, and an explanation of what, if any, changes are contemplated as a result of the proposed action;

The Rail Line was originally a part of a line of the Great Northern Railway between the Canadian border near Noyes, MN and Minneapolis, MN. The Rail Line came under the ownership of BNSF Railway Company through a series of mergers. It was acquired by MNN in 1997.

(6) A brief summary of documents in the carrier's possession, such as engineering drawings, that might be useful in documenting a structure that is found to be historic.

No such documents are in MNN's possession.

(7) An opinion (based on readily available information in the railroad's possession) as to whether the site and/or structures meet the criteria for listing on the National Register of Historic Places (36 CFR 60.4), and whether there is a likelihood of archeological resources or any other previously unknown historic properties in the project area, and the basis for these opinions (including any consultations with the State Historic preservation Office, local historical societies or universities);

It is MNN's opinion that the bridges on the Rail Line do not meet the criteria for listing on the National Register of Historical Places, and that there is no likelihood of archeological resources or any other previously unknown historic properties in the project area. In accordance with this regulation, MNN has consulted by letter with the Minnesota Historic Preservation Office (Appendix 2). Any response will be furnished to the Board's environmental section.

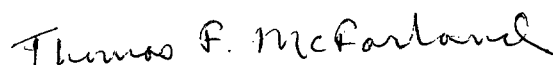
(8) A description (based on readily available information in the railroad's possession) of any known prior subsurface ground disturbance or fill, environmental conditions (naturally occurring or manmade) that might affect the archeological recovery of resources (such as swampy conditions or the presence of toxic wastes), and the surrounding terrain.

MNN has no knowledge of any prior subsurface ground disturbance or fill, or environmental conditions that might affect the archeological recovery of resources and the surrounding terrain.

Respectfully submitted,

MINNESOTA NORTHERN RAILROAD, INC.
P.O. Box 705
Crookston, MN 56716

Petitioner

A handwritten signature in cursive script that reads "Thomas F. McFarland".

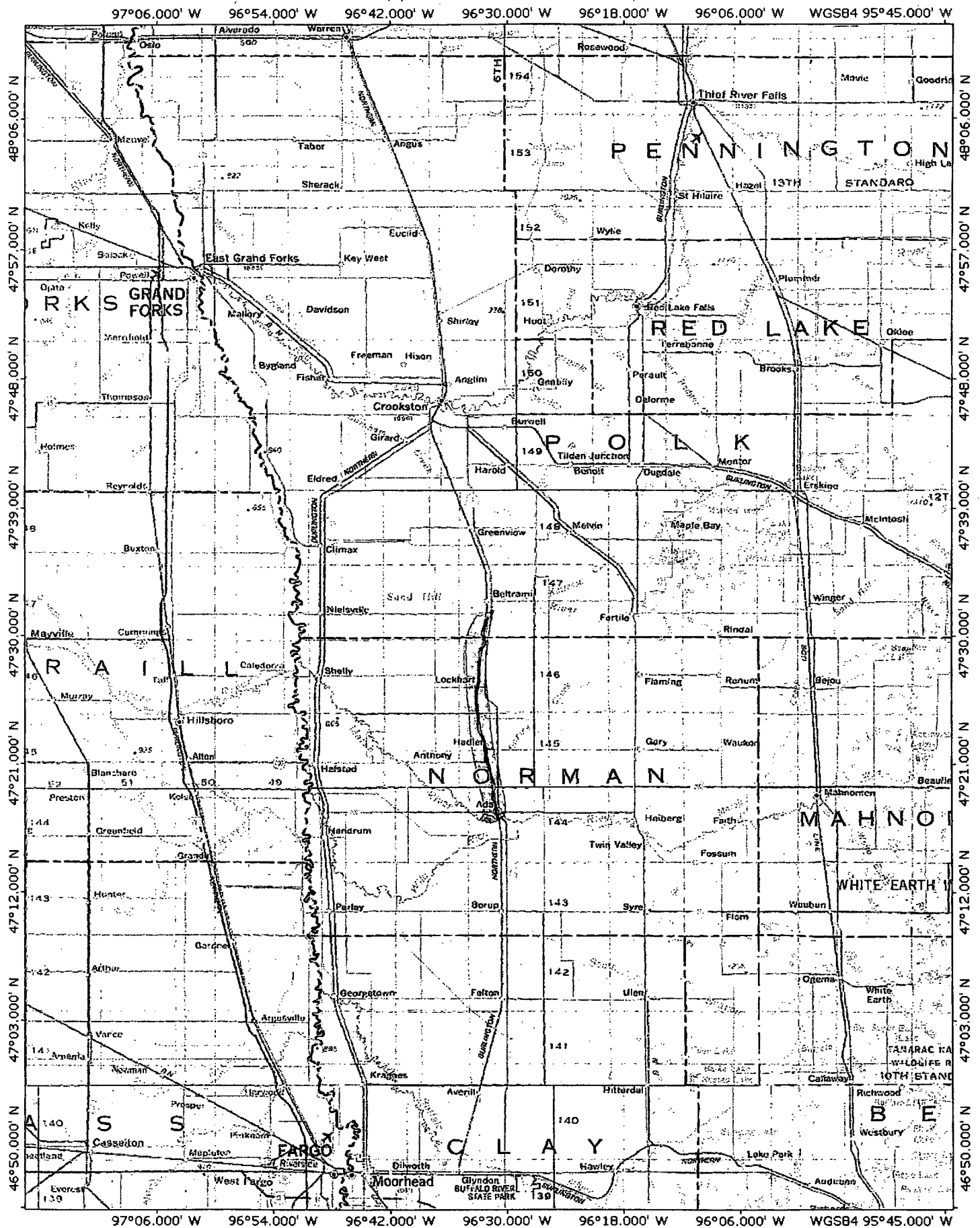
THOMAS F. McFARLAND
THOMAS F. McFARLAND, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1112
(312) 236-0204

Attorney for Petitioner

Dated Submitted: July 10, 2006

APPENDIX 1

TOPOI map printed on 12/23/04 from "Untitled.tpo"



TN MN
4°

Map created with TOPOI® ©2003 National Geographic (www.nationalgeographic.com/topo)

APPENDIX 2

LAW OFFICE
THOMAS F. MCFARLAND, P.C.
208 SOUTH LASALLE STREET - SUITE 1890
CHICAGO, ILLINOIS 60604-1112
TELEPHONE (312) 236-0204
FAX (312) 201-9695
mcfarland@aol.com

THOMAS F. MCFARLAND

June 19, 2006

Natural Resources Conservation Service:

375 Jackson Street, Room 600
St. Paul, MN 55101-1854

Minnesota Historical Preservation Office:

Minnesota Historical Society
345 Kellogg Blvd. West
St. Paul, MN 55102-1906

US Fish & Wildlife Service – Region 3:

One Federal Drive
BHW Federal Building
Fort Snelling
Twin Cities, MN 55111

Minnesota State Clearinghouse:

c/o Minnesota Department of Administration
200 Administration Building
50 Sherburne Avenue
St. Paul, MN 55155

County Commissioners:

(for County Planner)
Norman County
16 Third Ave., East
Ada, MN 56510

Minnesota Pollution Control Agency:

520 Lafayette Road
St. Paul, MN 55155-4194

Minnesota Department of Transportation:

Transportation Building
395 John Ireland Blvd.
St. Paul, MN 55155

US Army Corps of Engineers:

190 Fifth Street East
St. Paul, MN 55101-1638

US Environmental Protection Agency

Region 5:

77 West Jackson Blvd.
Chicago, IL 60604-3590

National Oceanic & Atmospheric Admin.:

National Geodetic Survey
1315 East-West Highway
Silver Springs, MD 20910-3282

Ms. Shelley Kappes:

City Clerk (for City Planner)
City of Ada
P.O. Box 32
Ada, MN 56510

County Commissioners:

(for County Planners)
Polk County
612 North Broadway
Crookston, MN 56716

Mr. William D. Shaddox:

National Park Service, Land Resources Dir.
1849 C Street, N.W. # MS 3540
Washington, DC 20240

Re: Surface Transportation Board Docket No. AB – 497 (Sub-No. 3X)
Minnesota Northern Railroad, Inc. - - Abandonment
Exemption - - in Polk and Norman Counties, MN

Dear Agency or Governmental Representative:

June 19, 2006

Page 2

Minnesota Northern Railroad, Inc. (MNN) plans to file a Petition with the Surface Transportation Board (STB) in the near future for an exemption permitting abandonment of a portion of its Ada Subdivision between milepost No. 64.0 near Beltrami and milepost No. 47.0 (end of track) south of Ada, a distance of 17.0 miles in Polk and Norman Counties, Minnesota ("the Rail Line"). The Rail Line is shaded in pink on a map that is attached to this letter as Appendix 1.

Pursuant to STB regulations at 49 CFR 1105.7, this letter is to request your assistance in identifying potential environmental and historic effects of the proposed abandonment. MNN does not anticipate any adverse environmental or historic impacts; however, if you identify any such adverse impacts, please describe any action that could be taken to mitigate such adverse impacts. Please provide a written response to this letter so that it can be included in a Draft Environmental and Historic Report that MNN will prepare and file with the STB.

COUNTY AND CITY PLANNING AGENCIES. Please state whether the proposed abandonment would be consistent with existing land-use plans. Describe any inconsistencies.

US SOIL CONSERVATION SERVICE. Please state the effect of the proposed abandonment on any prime agricultural land.

June 19, 2006

Page 3

US FISH AND WILDLIFE SERVICE. Please state (1) whether the proposed abandonment is likely to adversely affect endangered or threatened species or areas designated as a critical habitat and, if so, please describe such effects; and (2) whether wildlife sanctuaries or refuges, National or State parks or forests will be affected and, if so, please describe such effects.

STATE WATER QUALITY OFFICIALS. Please state whether the proposed abandonment would be consistent with applicable Federal, State or Local water quality standards. Please describe any inconsistencies.

US ARMY CORPS OF ENGINEERS. Please state (1) whether permits under Section 404 of the Clean Water Act (33 USC 1344) are required for the proposed abandonment, and (2) whether any designated wetlands or 100-year flood plains would be affected by the proposed abandonment. Please describe any such effects.

US AND STATE ENVIRONMENTAL PROTECTION AGENCIES (OR EQUIVALENT AGENCY). Please (1) identify any potential adverse environmental effects of the proposed abandonment on the surrounding area, and (2) identify the location of any known hazardous materials spills on the right-of-way of the Rail Line, and list the types of hazardous materials involved, and (3) state whether permits under

THOMAS F. MCFARLAND

June 19, 2006

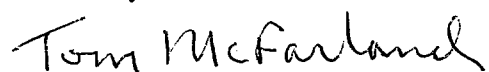
Page 4

Section 402 of the Clean Water Act (33 USC 1342) are required for the proposed abandonment.

STATE HISTORICAL PRESERVATION OFFICE. Please identify any known bridges and/or other structures located on the Rail Line that are 50 years old or older, and which are historically significant. Please state whether the proposed abandonment would have an adverse effect on such bridges and /or structures and, if so, please describe efforts that can be taken during removal of the tracks in the Rail Line to mitigate any such adverse effects.

Please send your reply to me as MNN's attorney to: Thomas F. McFarland, 208 South LaSalle Street, suite 1890, Chicago, IL 60604. You may reach me by telephone at (312) 236-0204 if you have any questions or need further information. MNN appreciates your assistance in furnishing a reply to this letter.

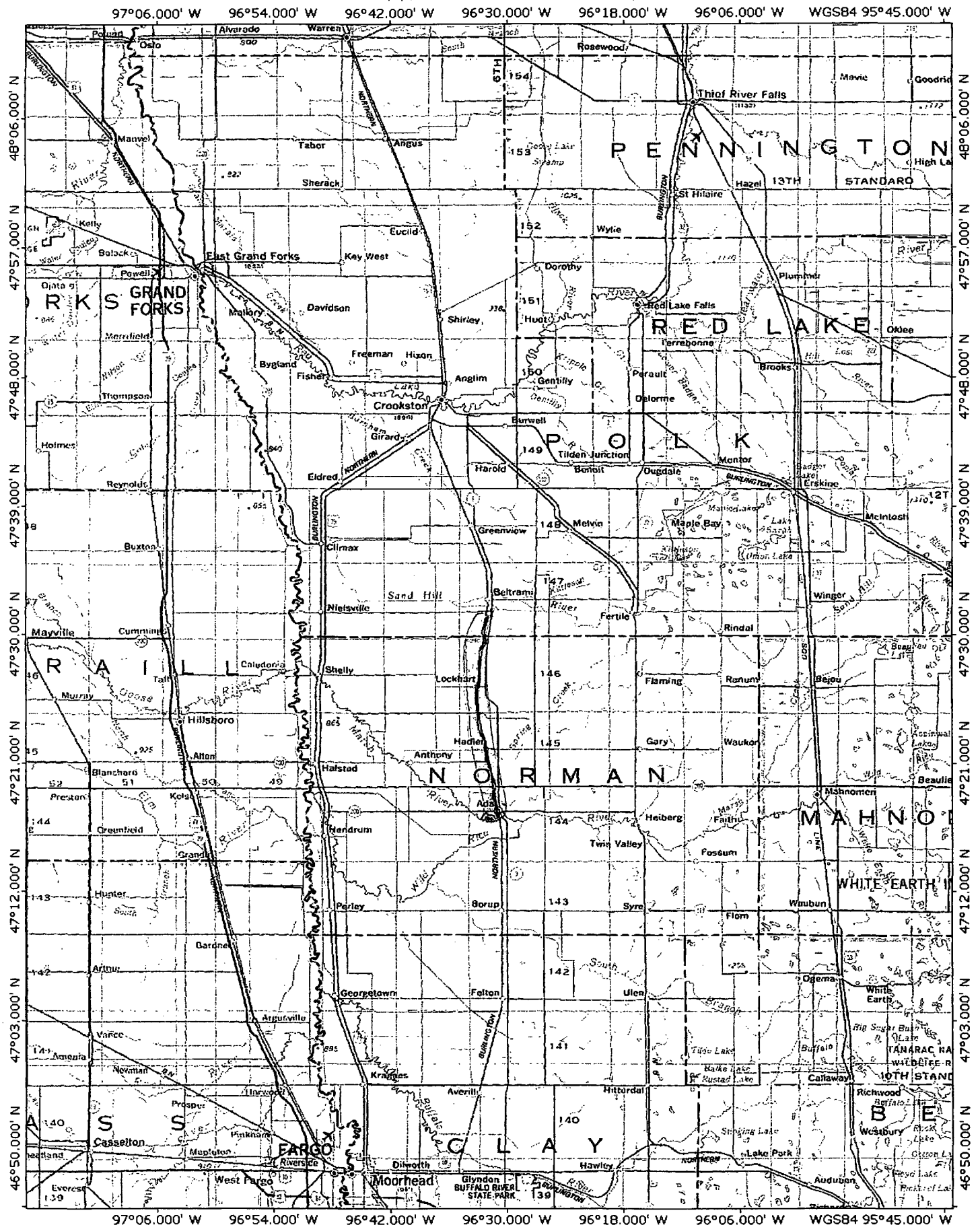
Sincerely

A handwritten signature in black ink that reads "Tom McFarland". The signature is written in a cursive, slightly slanted style.

Thomas F. McFarland
Attorney for Minnesota
Northern Railroad, Inc.

1169

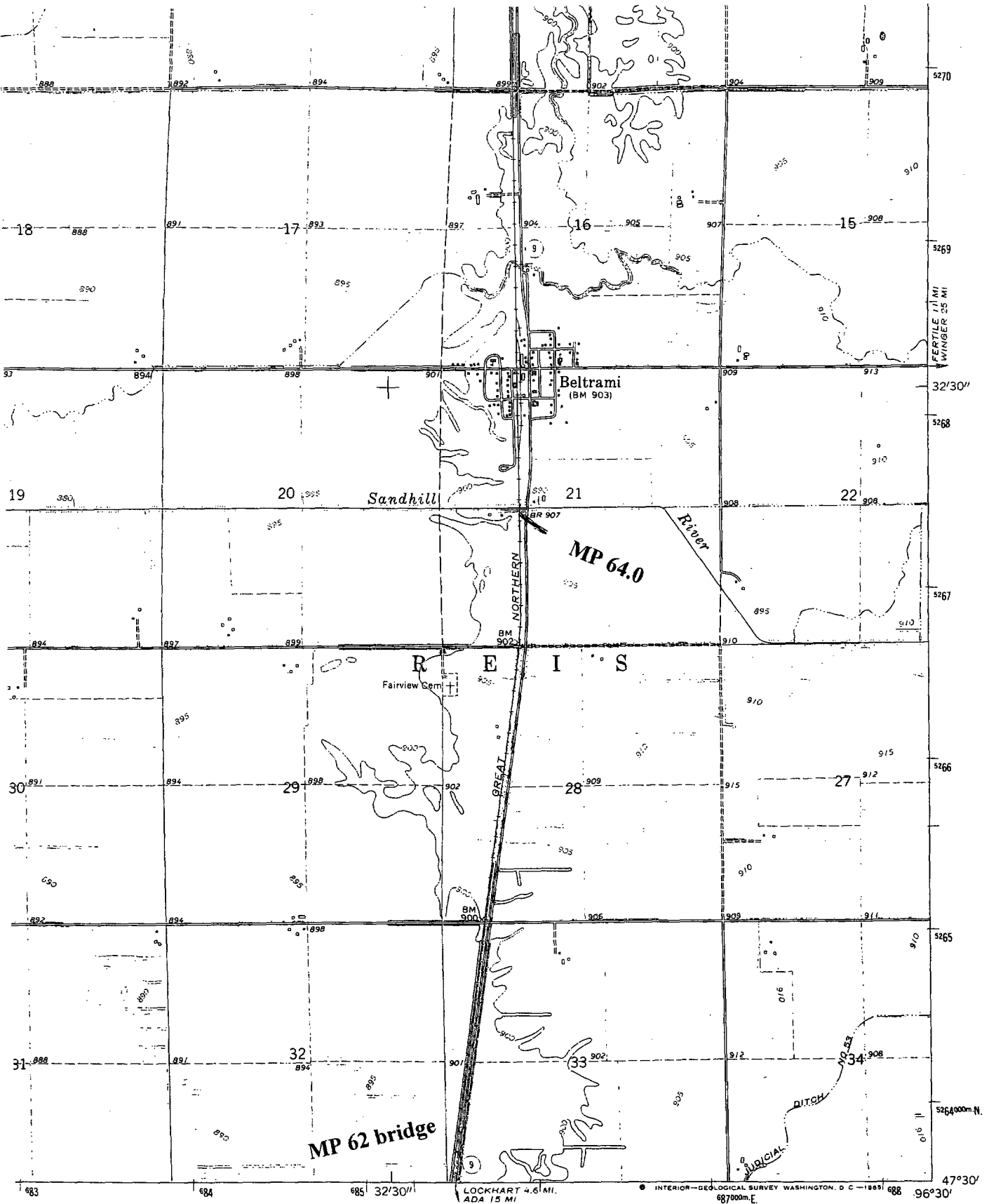
cc Mr. George LaPray



TN MN

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Map created with TOPOI® ©2003 National Geographic (www.nationalgeographic.com/topo)

APPENDIX 3



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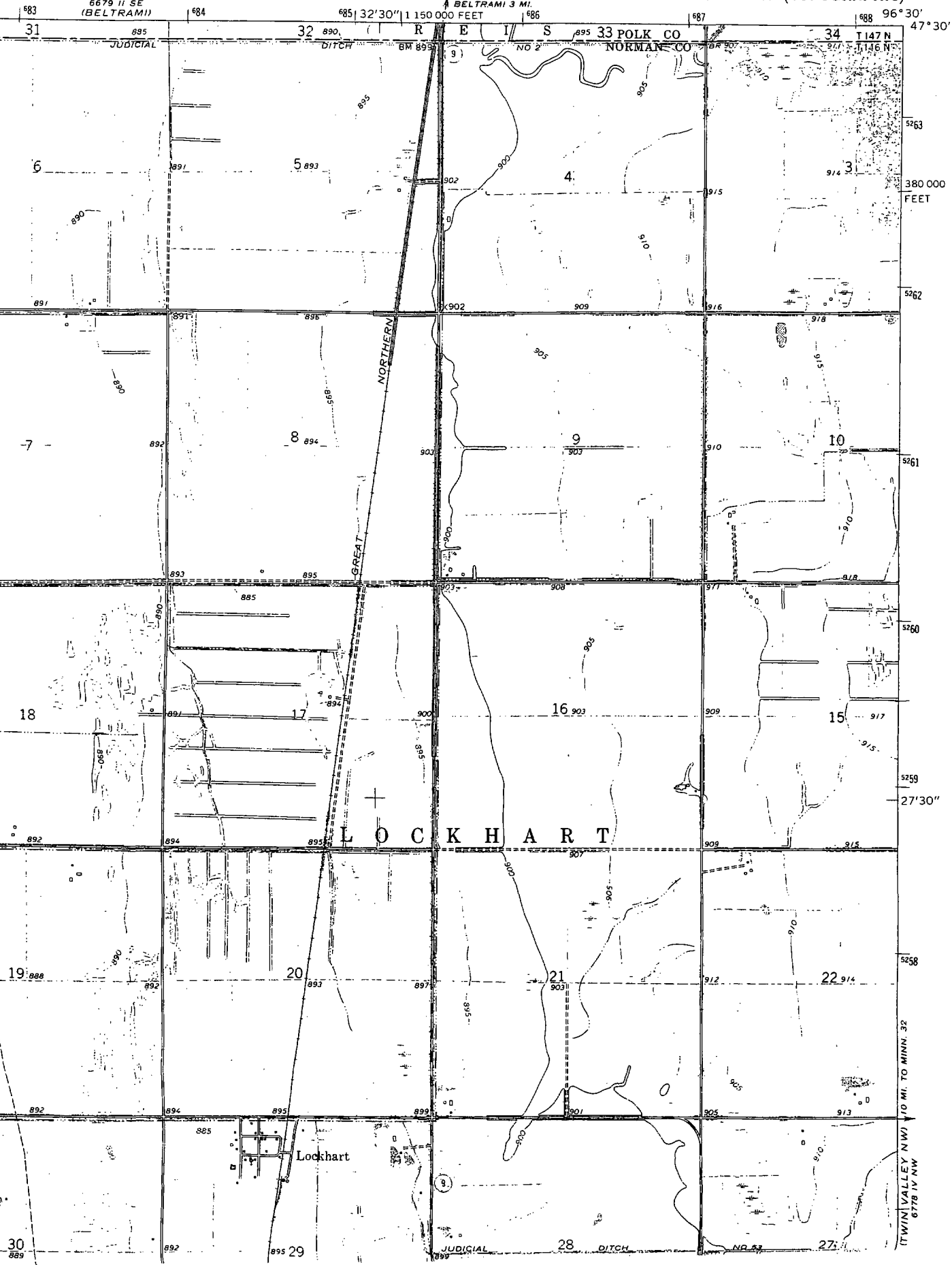
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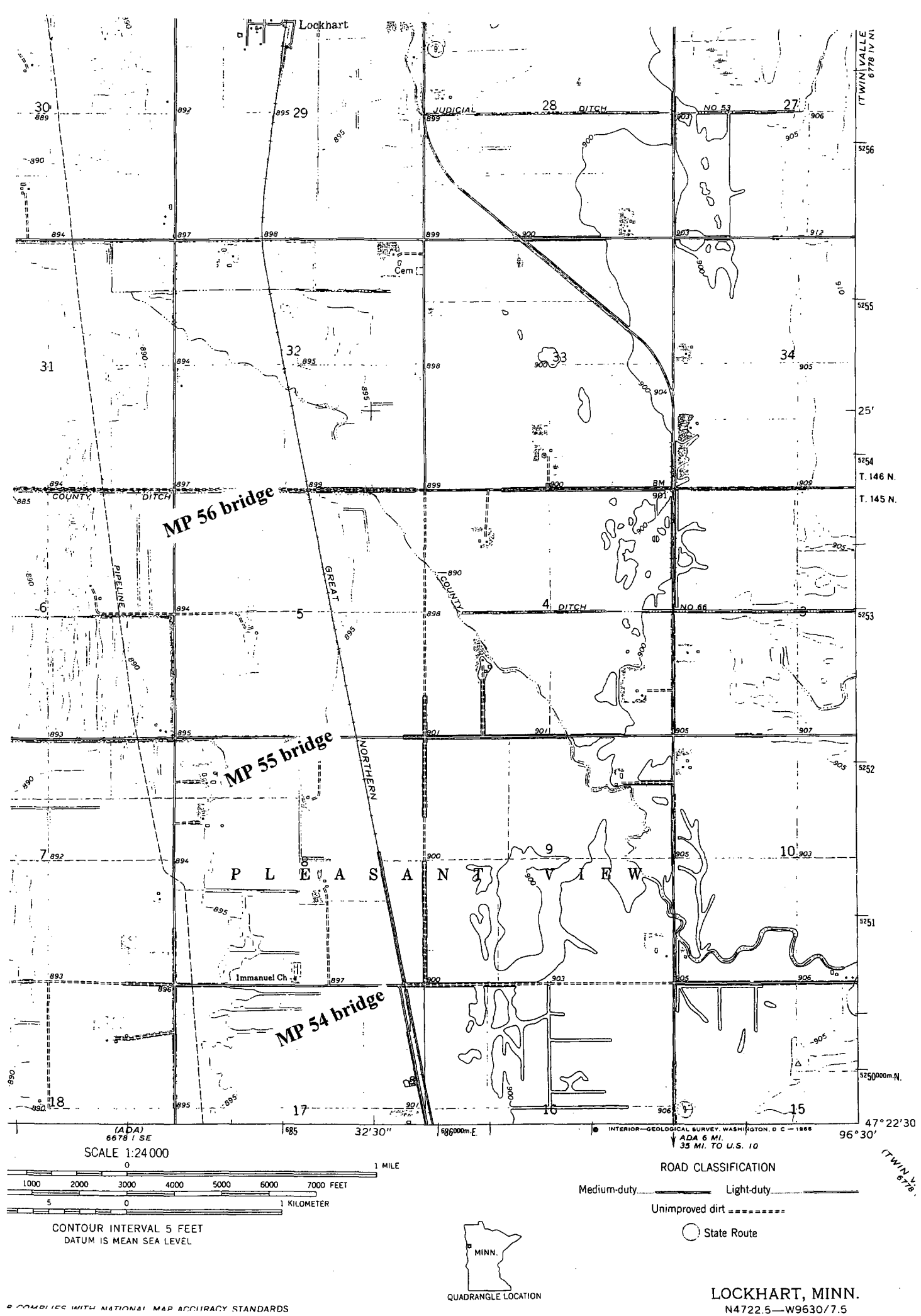
STATE OF MINNESOTA
PARTMENT OF ADMINISTRATION

LOCKHART QUADRANGLE
MINNESOTA

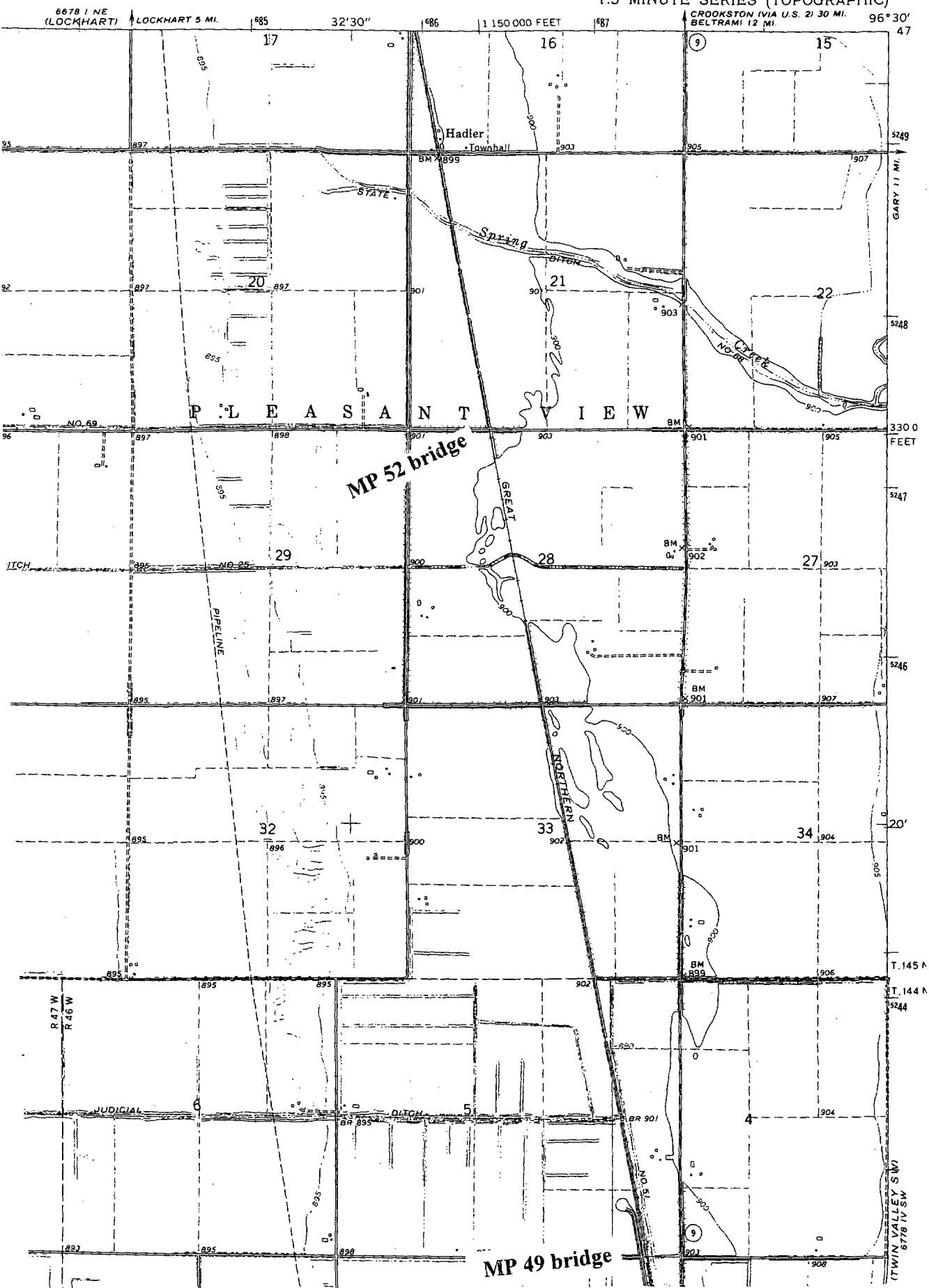
CROOKSTON (VIA U.S. 2) 21 MI. 7.5 MINUTE SERIES (TOPOGRAPHIC)

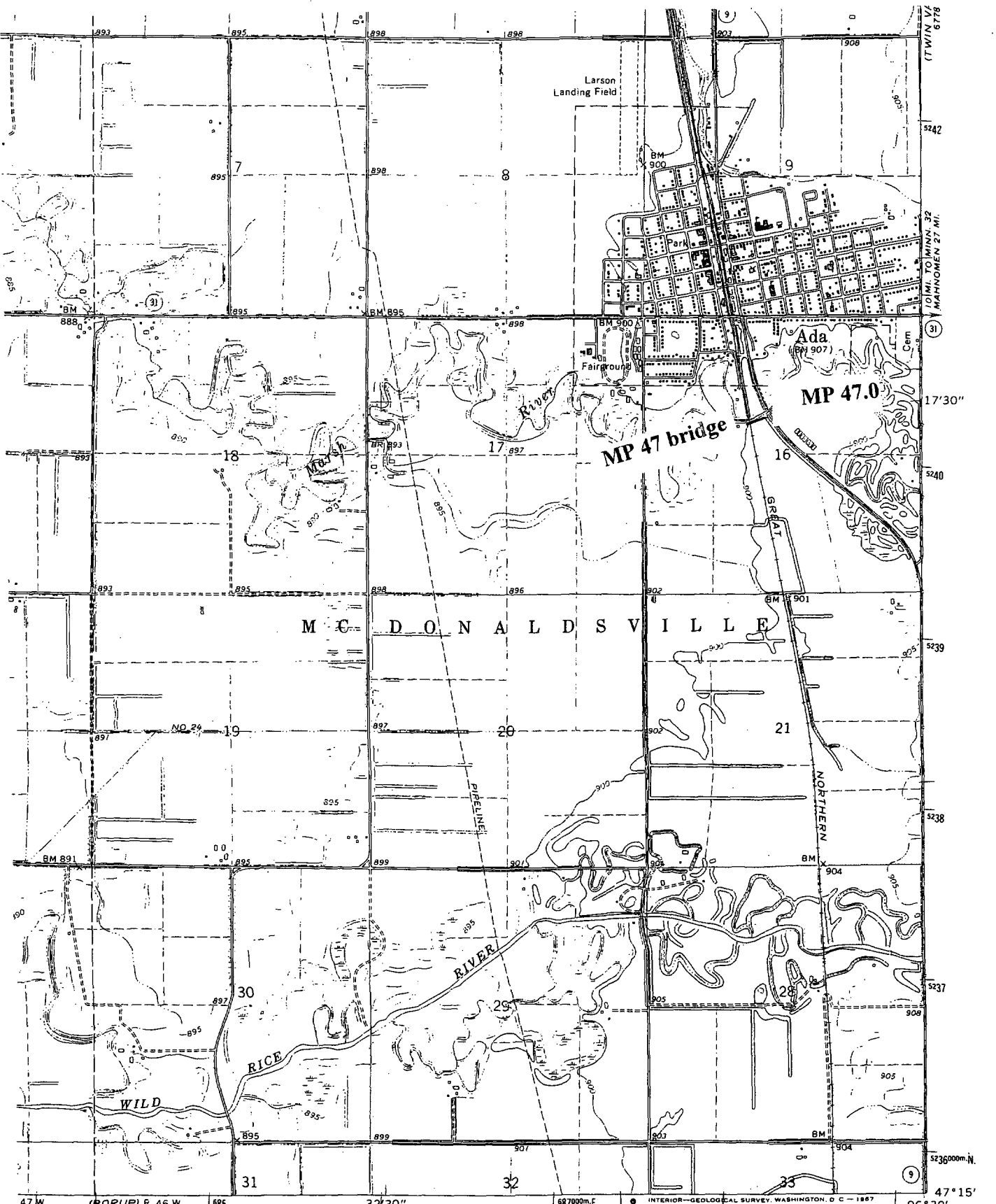
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ADA QUADRANGLE
MINNESOTA-NORMAN CO.
7.5 MINUTE SERIES (TOPOGRAPHIC)





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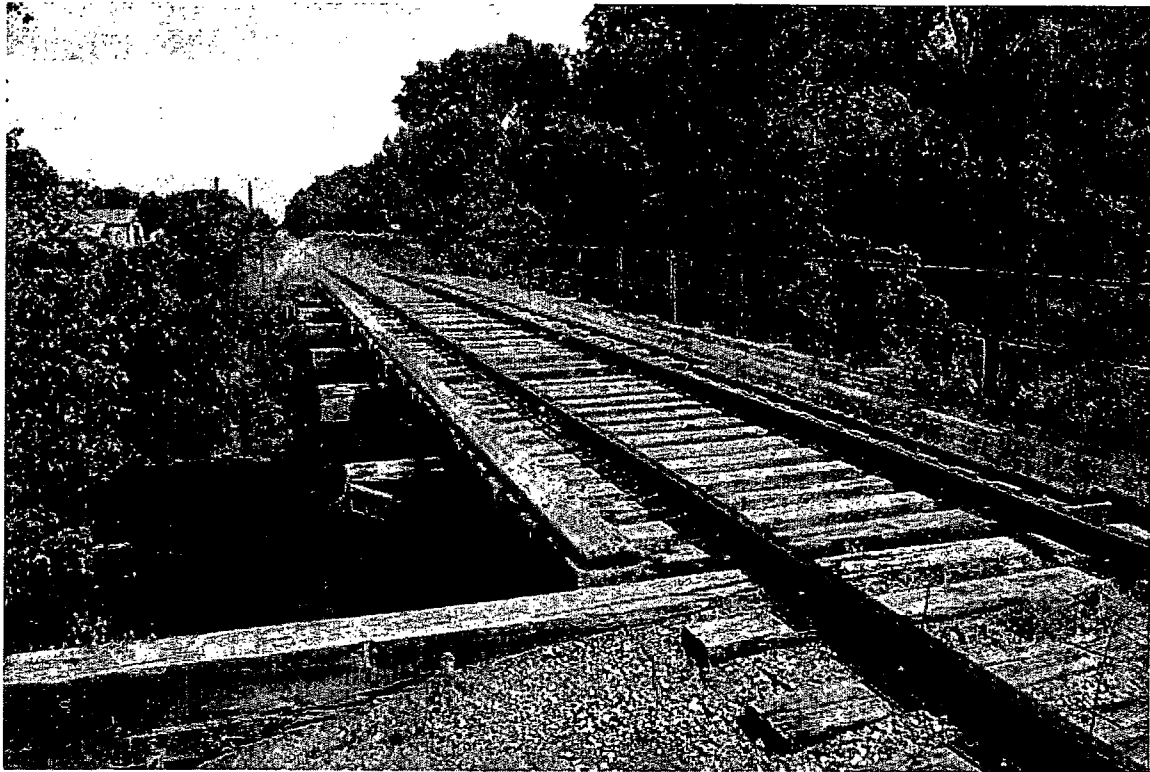


QUADRANGLE LOCATION

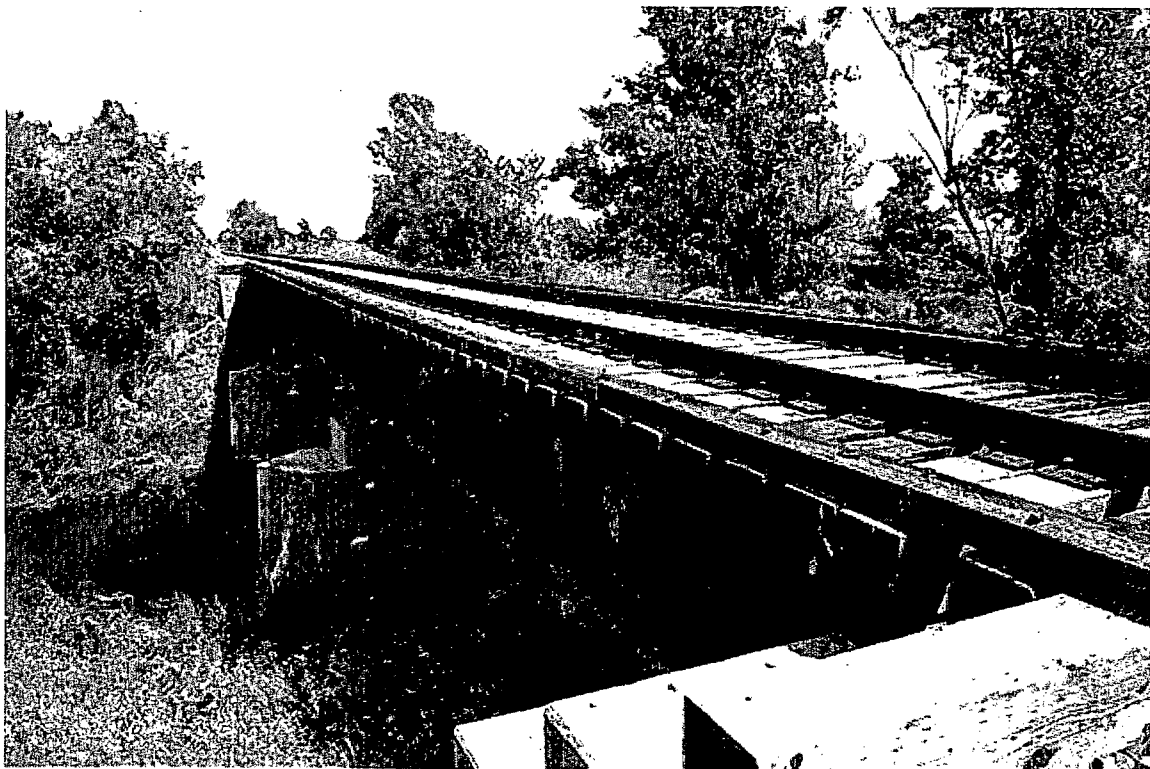
ROAD CLASSIFICATION
Heavy-duty ——— Light-duty ———
Medium-duty ——— Unimproved dirt ———
○ State Route

ADA, MINN.
N4715—W9630/7.5

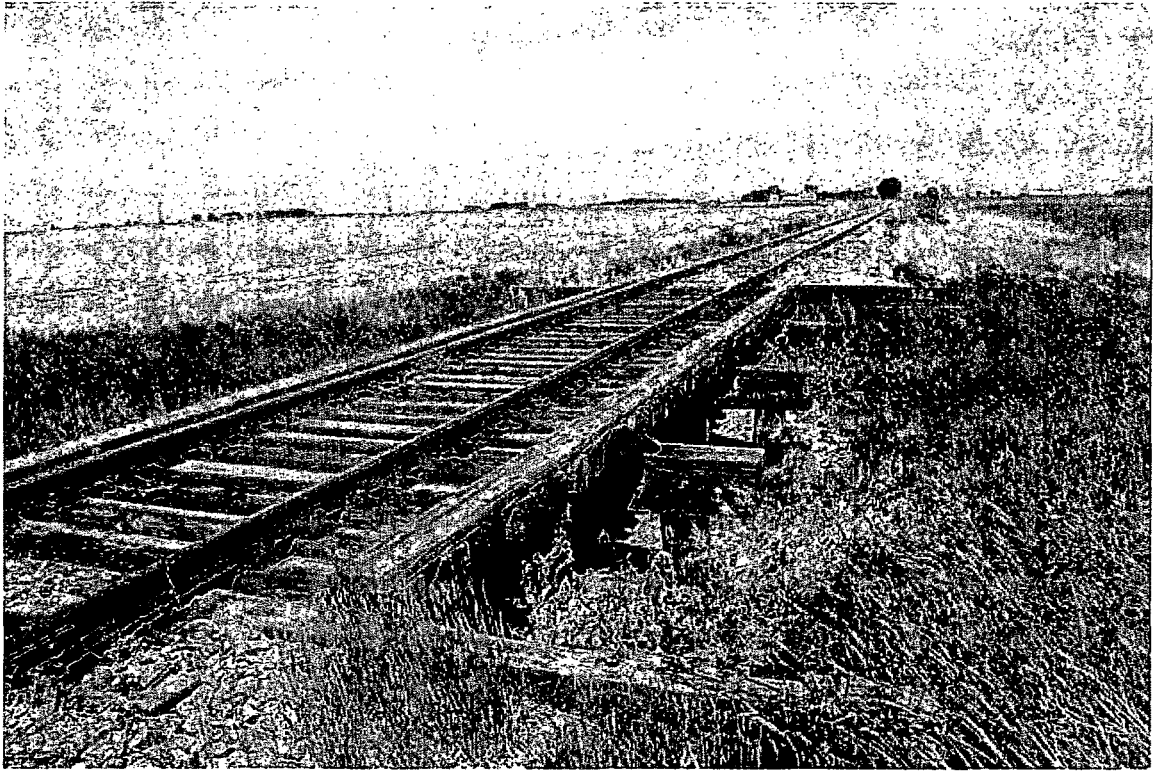
APPENDIX 4



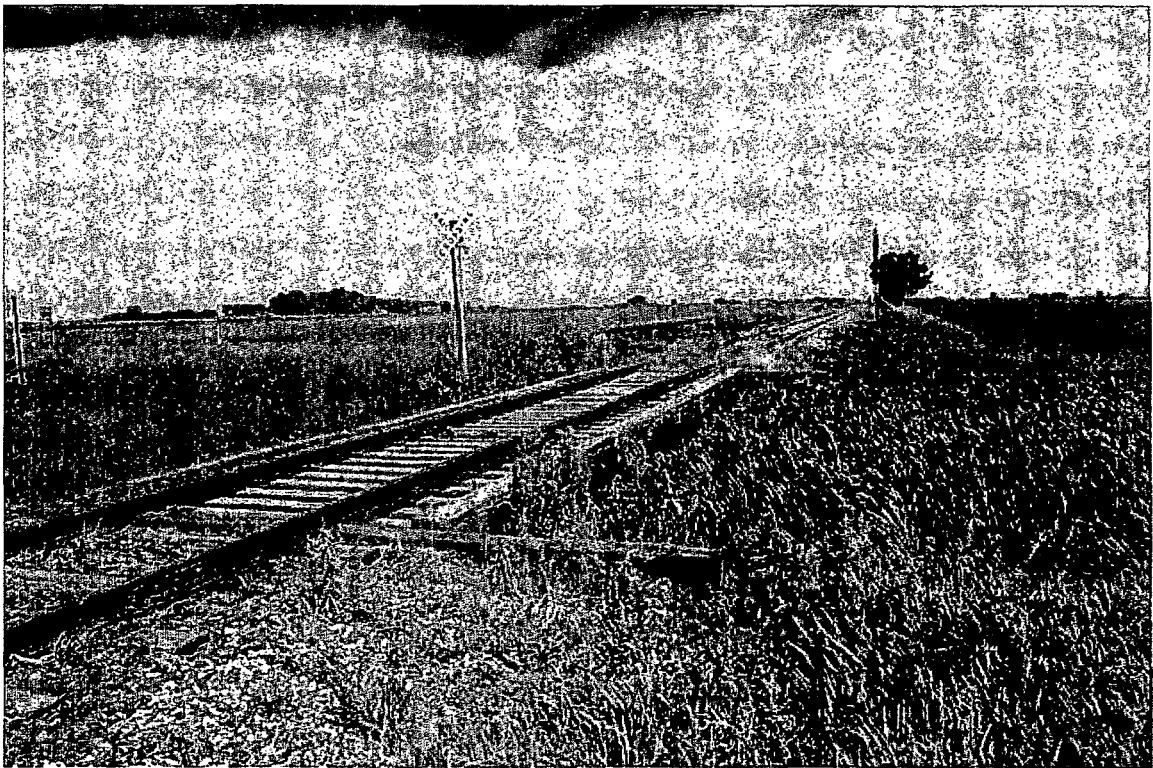
MP 47



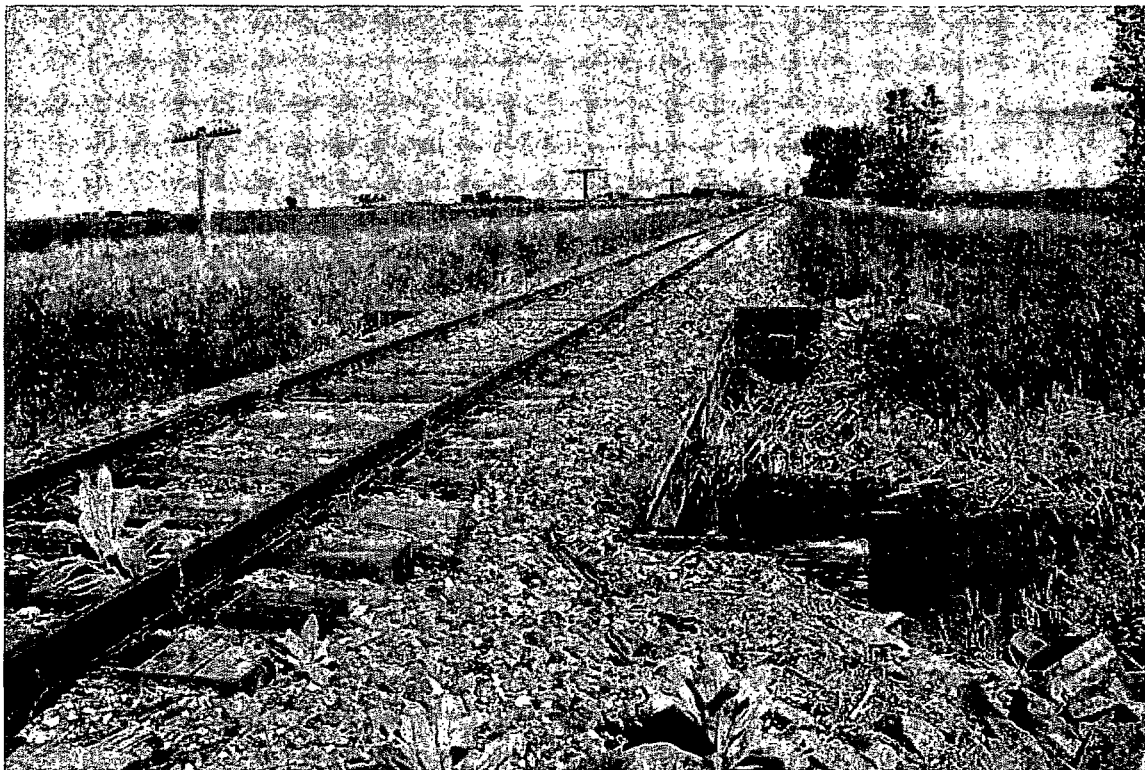
MP 49



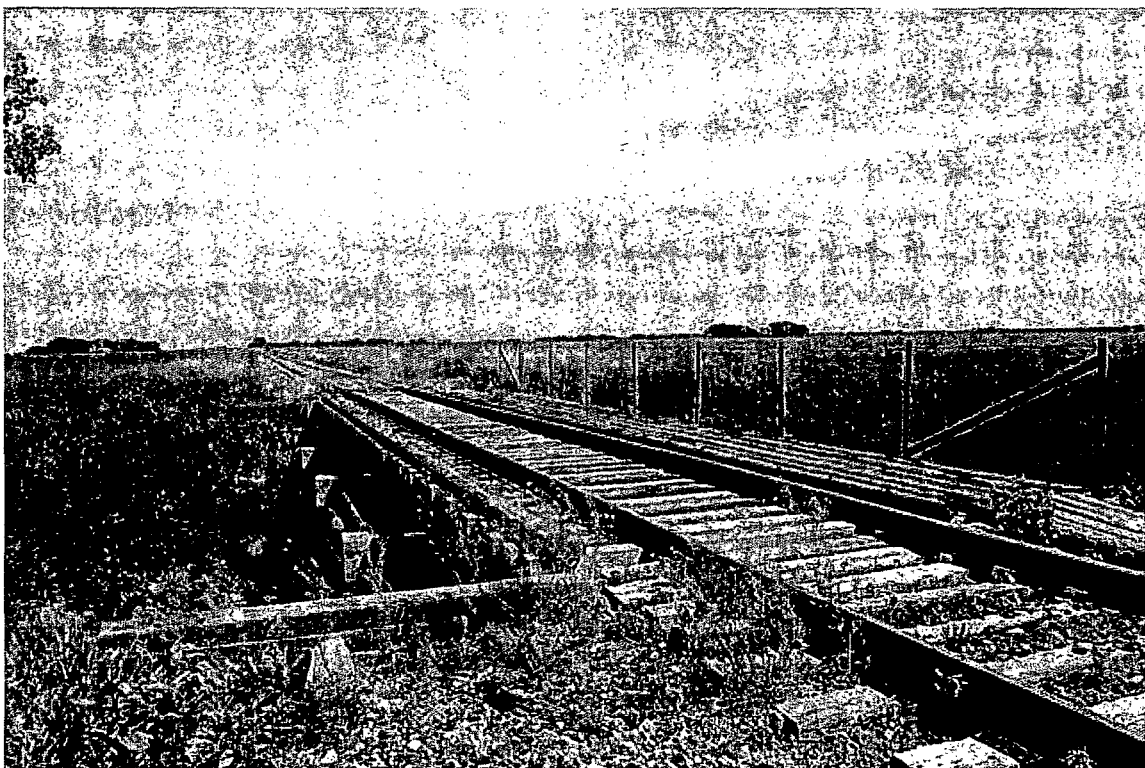
MP 52



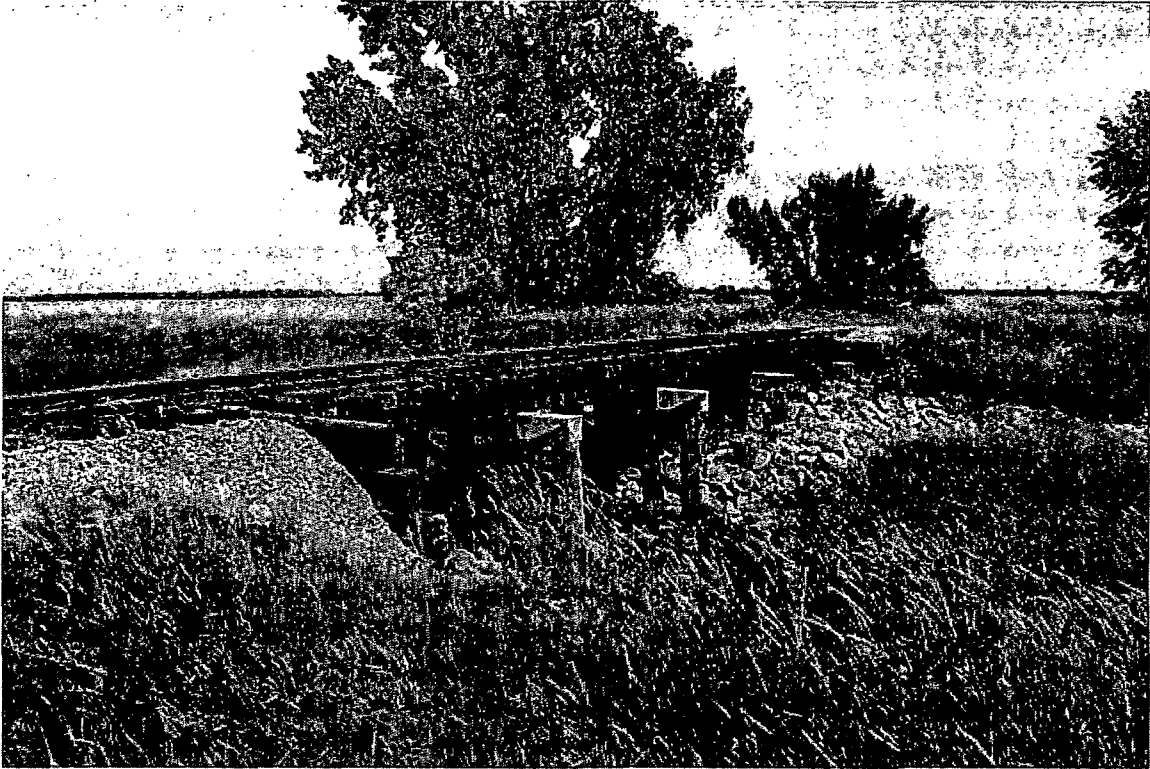
MP 54



MP 55



MP 56



MP 62



POLK COUNTY

ENVIRONMENTAL SERVICES

Waste Management/ Planning and Zoning

RECEIVED

JUL 03 2006

McFarland, P.C.

APPENDIX 5

Post Office Box 375
320 Ingersoll
Crookston, MN 56716
(218) 281-6445
(218) 281-5700
(218) 281-6471 FAX
1-800-482-6804
environmental.svs@co.polk.mn.us

Printed on recycled paper

June 28, 2006

Thomas F. McFarland, PC
MNN Railroad Representative
208 S. LaSalle Street – Suite 1890
Chicago, IL 60604-1112

RE: proposed abandonment of railroad track in Polk Co.

To whom it may concern:

Polk County has received a letter from Mr. McFarland in regards to the proposal from Minnesota Northern Railroad for the abandonment of railroad track in Southern Polk County. The letter requests comment from the County Planning Office as to the environmental and historic impacts the abandonment would have on the area and whether the proposed abandonment would be consistent with existing land-use plans. Therefore, I am sending a response to this letter.

The abandonment of this track is consistent with our land-use plans and Comprehensive Plan. The Polk County Comprehensive Plan states as a Transportation Goal to "support the maintenance and safe use of the remaining railroad system and maintain abandoned railroad right of way intact where feasible". Also, the abandonment of track does not require any special permits, approval or hearings. Therefore, the Polk County Planning and Zoning Office does not see any adverse environmental or historic impacts in terms of land use planning.

If you have any questions regarding this letter, you may contact me at 1-800-482-6804 or (218) 281-5700. I hope that this letter meets the need of the MNN petition to abandon.

Sincerely,

Nancy Ellis

Polk Co. Planning and Zoning Administrator
nancy.ellis@co.polk.mn.us



United States Department of the Interior

FISH AND WILDLIFE SERVICE
Bishop Henry Whipple Federal Building
1 Federal Drive
Fort Snelling, MN 55111-4056

RECEIVED

JUL 03 2006

McFarland, PC.

IN REPLY REFER TO:

FWS/NWRS-RE - General
Railroad Abandonments

June 29, 2006

Mr. Thomas F. McFarland, PC
208 South LaSalle Street
Suite 1890
Chicago, Illinois 60604-1112

Dear Mr. McFarland:

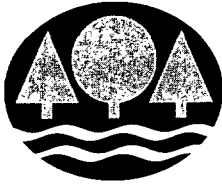
Thank you for the opportunity to comment on the proposed abandonment of 17.0 miles of railroad line between milepost No. 64.0 near Beltrami and milepost No. 47.0 south of Ada, in Polk and Norman Counties, Minnesota; STB Docket No. AB-497 (Sub-No. 3X) Minnesota Northern Railroad, Inc.

We have researched our ownerships in the vicinity and have determined we do not own any lands or interests in land in the vicinity of the proposed rail line abandonment. We do not have any concerns regarding real estate matters in the abandonment.

Sincerely,

Patrick G. Carroll
Senior Realty Officer
Division of Realty

APPENDIX 5



Minnesota Pollution Control Agency

July 19, 2006

RECEIVED

Mr. Thomas F. McFarland
208 South Lasalle Street
Suite 1890
Chicago, IL 60604

JUL 24 2006

McFarland, P.C.

RE: Minnesota Northern Railroad Inc. Abandonment, Ada/Beltrami Minnesota

Dear Mr. McFarland:

On July 18, 2006 I received clarification from Mr. George LaPray, Minnesota Northern Railroad Inc (MNR), regarding the actual physical work that will be completed during the proposed abandonment. In an email to me, he indicated that no soil will be excavated during the process, but that some areas may be covered with soil and/or blacktop materials to match existing roadways. That work will be completed in compliance with the road maintenance requirements as directed by the appropriate local, state or federal highway jurisdiction. If, during any such work, petroleum contaminated soil or other contamination is found, notification should be made to the Minnesota State Duty Officer at 800-422-0798. At that time, MNR would be provided specific cleanup guidance.

Based upon that information, this office of the Minnesota Pollution Control Agency (MPCA) requests no further actions regarding the proposed abandonment activities at the site. The MPCA reserves the right to reopen this file and to require additional investigation and/or cleanup work if new information or changing regulatory requirements make additional work necessary.

Please don't hesitate to contact me at 218-846-0733 if you have any questions regarding this letter.

Sincerely,



Doug Bellefeuille
Emergency Response Specialist
Detroit Lakes Office

DB:co

cc: George LaPray.
Arlene Furuseth, MPCA
Joyce Cieluch, MPCA



Minnesota Department of Transportation

Office of Freight and Commercial Vehicle Operations

Mail Stop 420
395 John Ireland Boulevard
St. Paul, MN 55155-1899

Tel: 651/215-6330
Fax: 651/215-9684

July 18, 2006

By e-mail

Vernon A. Williams, Secretary
Surface Transportation Board
Case Control Unit, Suite 713
1925 K Street, N.W.
Washington, D.C. 20423-0001

Re: STB Docket No. 497 (Sub-No.3X) *Minnesota Northern Railroad, Inc.*
--Abandonment Exemption--in Polk and Norman Counties, MN

Dear Mr. Williams:

As the Minnesota Department of Transportation's State Rail Bank Program Manager, I called a meeting of government officials and shippers at the Polk County Courthouse on July 13, 2006 to discuss the proposed abandonment of the corridor from Ada to just short of Beltrami Minnesota.

Discussion gravitated to a possible tri-county trail use of the corridor and participants were advised to file a Public Use Notice (PUN) with the Board as soon as possible and not more than 30 days after filing of the Exemption.

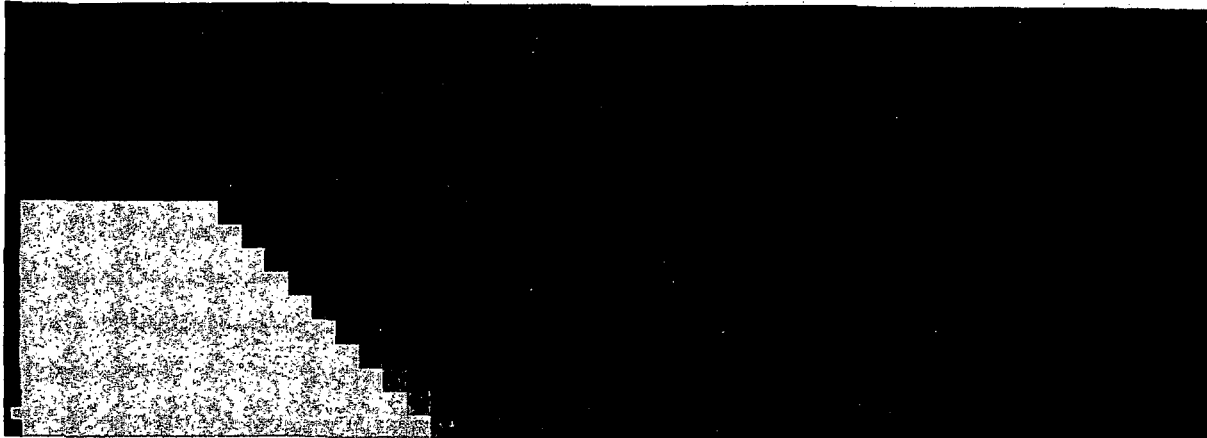
My recommendation to the *Minnesota Northern Railroad, Inc.* would be to abandon the line at or about MP 65 (North of Polk Co. Hwy 1) in order to eliminate an at grade crossing.

Sincerely,

Robert R. Rickert
State Rail Bank Program Manager

Cc: Thomas McFarland - Attorney for Mn Northern RR, Inc. *by e-mail*
George LaPray- General Manager, Mn Northern RR, Inc. *by e-mail*

An equal opportunity employer



DRAFT FEDERAL REGISTER NOTICE PER 49 C.F.R. 1152.60(c)

STB No. AB-497 (Sub-No. 3X), *Minnesota Northern Railroad, Inc. -- Abandonment Exemption -- in Polk and Norman Counties, MN*

Notice of Petition for Exemption to Abandon Rail Service

On August 16, 2006, MINNESOTA NORTHERN RAILROAD, INC. (MNN), filed with the Surface Transportation Board, Washington, DC, a Petition for Exemption from 49 U.S.C. 10903 for abandonment of rail service of a portion of the Ada Subdivision of MNN between Milepost No. 64.0 south of Beltrami and end of track at Milepost 47.0 south of Ada, a distance of 17 miles in Polk and Norman Counties, Minnesota.

The rail line does not contain federally granted rights-of-way. Any documentation in the railroad's possession will be made available promptly to those requesting it.

The interest of railroad employees would be protected by imposition of conditions to approval of abandonment imposed in *Oregon Short Line R. Co. - Abandonment - Goshen*, 360 I.C.C. 91 (1979).

Any offer of financial assistance will be due no later than 10 days after service of a decision granting the petition for exemption.

All interested persons should be aware that following abandonment of rail service and salvage of the line, the line may be suitable for other public use, including interim trail use.

Any request for a public use condition and any request for trail use/rail banking will be due no later than 20 days after notice of the filing of the petition for exemption is published in the Federal Register.

Persons seeking further information concerning abandonment procedures may contact the Surface Transportation Board or refer to the full abandonment or discontinuance regulations at 49 C.F.R. part 1152. Questions concerning environmental issues may be directed to the Board's Section of Environmental Analysis.

An environmental assessment (EA) (or environmental impact statement (EIS), if necessary) prepared by the Section of Environmental Analysis will be served upon all parties of record and upon any agencies or other persons who commented during its preparation. Any other persons who would like to obtain a copy of the EA (or EIS) may contact the Section of Environmental Analysis. EAs in these abandonment proceedings normally will be made available within 60 days of the filing of the petition. The deadline for submission of comments on the EA will generally be within 30 days of its service.

APPENDIX 7

PUBLIC NOTICE

Affidavit of Publication

NOTICE OF INTENT TO ABANDON RAIL LINE

MINNESOTA NORTHERN RAILROAD, INC. (MNN) gives notice that on or about August 4, 2006, it intends to file with the Surface Transportation Board, Washington, DC 20423, a Petition for Exemption from the requirements of 49 U.S.C. § 10903 for abandonment of a portion of its Ada Subdivision between Milepost 64.0 south of Beltrami and end of track at Milepost 47.0 south of Ada, a distance of 17.0 miles, in Polk and Norman Counties, Minnesota ("the Rail Line"). The Rail Line traverses through United States Postal Zip Codes 56510 and 56517 in Polk and Norman Counties, Minnesota. The proceeding has been docketed as STB Docket No. AB-497 (Sub-No. 3X).

The Board's Section of Environmental Analysis (SEA) will generally prepare an Environmental Assessment (EA) which will normally be available 25 days after the filing of the notice for abandonment exemption. Comments on environmental and energy matters should be filed no later than 15 days after the EA becomes available to the public and will be addressed in a Board decision. Interested persons may obtain a copy of the EA or make inquiries regarding environmental matters by writing to SEA, Surface Transportation Board, Washington, DC 20423 or by calling SEA at 202-565-6211.

Appropriate offers of financial assistance to continue rail service can be filed with the Board. Requests for environmental conditions, public use conditions, or rail banking/trails use also can be filed with the Board. An original and 10 copies of any pleading that raises matters other than environmental issues (such as trails use, public use, and offers of financial assistance) must be filed directly with the Board's Office of the Secretary, 1925 K Street, N.W., Washington, DC 20423 (See 49 C.F.R. 1104.1(a) and 1104.3(a)), and one copy must be served on applicant's representative (See 49 C.F.R. 1104.12(a)). Questions regarding offers of financial assistance, public use or trails use may be directed to the Board's Office of Congressional and Public Services at 202-565-1592. Copies of any comments or requests for conditions should be served on the applicant's representative, Thomas F. McFarland, Thomas F. McFarland, P.C., 208 South LaSalle Street, Suite 1890, Chicago, IL 60604-1112.

(July 18)

STATE OF MINNESOTA }
COUNTY OF NORMAN } ss.

Ross D. Pfund, being duly sworn, on oath says that he is the publisher of the newspaper known as the Norman County Index, Ada, Minnesota, and has full knowledge of the facts which are stated below:

(A) The newspaper has complied with all of the requirements constituting qualification as a qualified newspaper, as provided by Minnesota Statute 331A.02, 331A.07. and other applicable laws, as amended.

(B) The printed

Notice of Intent to Abandon Rail Line

which is attached was cut from the columns of said newspaper, and was printed and published one week; it was published Tuesday, the 18th day of July, 2006, and printed below is a copy of the lower case alphabet from A to Z, both inclusive, which is hereby acknowledged as being the size and kind of type used in the composition and publication of the notice.

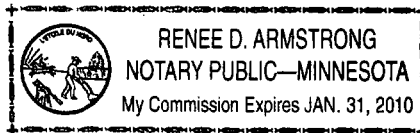
abcdefghijklmnopqrstuvwxyz

BY:

Ross D. Pfund

TITLE: Publisher

Subscribed and sworn to before me this 18th day of July, 2006.



Renee D. Armstrong
Notary Public
Norman County, Minnesota

RATE INFORMATION

- | | |
|---|------------------|
| (1) Lowest classified rate paid by commercial users for comparable space. | \$12.00 per inch |
| (2) Maximum rate allowed by law for the above matter. | \$12.00 per inch |
| (3) Rate actually charged for the above matter. | \$9.50 per inch |

NOTICE OF INTENT
TO ABANDON RAIL LINE

MINNESOTA NORTHERN RAILROAD, INC. (MNN) gives notice that on or about August 4, 2006, it intends to file with the Surface Transportation Board, Washington, DC 20423, a Petition for Exemption from the requirements of 49 U.S.C. 10903 for abandonment of a portion of its Ada Subdivision between Milepost 64.0 south of Beltrami and end of track at Milepost 47.0 south of Ada, a distance of 17.0 miles, in Pine and Norman Counties, Minnesota (the Rail Line). The Rail Line traverses through United States Postal Zip Codes 56510 and 56517 in Polk and Norman Counties, Minnesota. The proceeding has been docketed as STB Docket No. AB-497 (Sub-No. 3X).

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July 17, 2006 le105

AFFIDAVIT OF PUBLICATION

STATE OF MINNESOTA,)
County of Polk.) ss.

Randal L. Hultgren being duly sworn on oath says that he now is, and during all the times herein stated has been one of the publishers and/or printers of the newspaper known as The Crookston Daily Times and has full knowledge of the facts herein stated.

That for more than one year immediately prior to the publication therein of the printed Crookston Daily Times hereto attached, said newspaper was printed and published in the English language from its known office of publication within the City of Crookston, in the county of Polk, State of Minnesota, five times each week in column and sheet form equivalent in space to 450 running inches of single column two inches wide; has been issued from a known office established in said place of publication equipped with skilled workmen and the necessary material for preparing and printing the same:

Notice

has had in its makeup not less than twenty-five per cent of its news columns devoted to local news of interest to said community it purports to serve, the press work of which has been done in its said known office of publication; has contained general news, comments, and miscellany; has not duplicated any other publication; has not been entirely made up of patents, plate matter and advertisements; has been circulated at and near its said place of publication to the extent of 240 copies regularly delivered to paying subscribers; has been entered as second class mail matter in the local post office of its said place of publication; that there has been on file in the office of the County Auditor of said county the affidavit of a person having first hand knowledge of the facts constituting its qualifications as a newspaper for publication of legal notices; and that its publishers have complied with all demands of said County Auditor for proofs of its said qualification.

That the printed Notice hereto attached as a part hereof was cut from the columns of said newspaper; was published therein in the English language once each week for 1 successive weeks; that it was first so published on the 17th day of July, 2006, and thereafter on Monday of each week to and including the 17th day of July, 2006; and that the following is a copy of the lower case alphabet which is acknowledged to have been the size and kind of type used in the publication of said

Notice

abcdefghijklmnopqrstuvwxyz 7.5 pt.

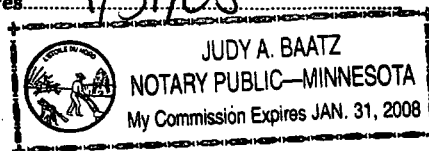
abcdefghijklmnopqrstuvwxyz 7 pt.

Randal L. Hultgren

Subscribed and sworn to before me this 21st day of July, 2006

Judy A. Baatz
Notary Public, Polk County, Minnesota

My commission expires 1/31/08



CERTIFICATE OF SERVICE

I hereby certify that on August 15, 2006, I served the foregoing document, Petition For Exemption, by first-class, U.S. mail, postage prepaid, on the following:

Minnesota Department of Transportation
Transportation Building
395 John Ireland Building
St. Paul, MN 55155

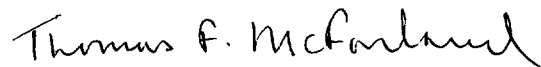
SDDCTEA
Railroads for National Defense Program
720 Thimble Shoals Blvd., Suite 130
Newport News, VA 23606-2574

National Park Service
Recreational Resources Assistance Division
P.O. Box 37127
Washington, DC 20013-7127

United States Department of Agriculture
Chief of the Forest Service
4th Floor NW, Yates Bldg.
14th Street & Independence Ave., S.W.
Washington, DC 20250

U.S. Department of Interior
National Park Service
Land Resources Division
800 North Capitol St., N.E.
Room 540
Washington, DC 20002

Mr. D. Thomas Ross
Assistant Director
U.S. Department of Interior (Org code 2220)
Recreation and Conservation
1849 C Street, N.W.
Washington, DC 20240



Thomas F. McFarland